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NEW NUMBER

16621

RECORDATION NO. 16621 FILED 1425

HONG KONG
NEW YORK
HOUSTON
SAN JOSE

NOV 22 1989 -11 35 AM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 16621 FILED 1425

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INTERSTATE COMMERCE COMMISSION

November 22, 1989

NOV 22 1989 -11 35 AM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 16621 FILED 1425

NOV 22 1989 -11 35 AM

INTERSTATE COMMERCE COMMISSION

Office of the Secretary
Recordations Unit
Room 2303
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Ms. Mildred Lee

Dear Ms. Lee:

Enclosed are an original and one certified true copy of each of the documents described below, to be recorded pursuant to 49 U.S.C. § 11303.

The first document, Equipment Lease Agreement, dated as of November 1, 1989, is a primary document. The names and addresses of the parties to such document are as follows:

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Burlington Northern Railroad Company
777 Main Street
Fort Worth, Texas 76102

The second document, Lease Supplement No. 1, dated as of November 22, 1989, is a secondary document. The names and addresses of the parties to such document are as follows:

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Burlington Northern Railroad Company
777 Main Street
Fort Worth, Texas 76102

The third document, Security Agreement and Trust Indenture, dated as of November 1, 1989, is a primary document. The names and addresses of the parties to such document are as follows: -B

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Mercantile-Safe Deposit and Trust Company
2 Hopkins Plaza
Baltimore, Maryland 21203

The fourth document, Security Agreement and Trust Indenture Supplement No. 1, dated as of November 22, 1989, is a secondary document. The names and addresss of the parties to such document are as follows: -C

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Mercantile-Safe Deposit and Trust Company
2 Hopkins Plaza
Baltimore, Maryland 21203

A description of the equipment covered by each of these documents is set forth in Appendix A attached hereto.

A short summary of the documents to appear in the index follows:

Equipment Lease Agreement, dated as of November 1, 1989, between First Security Bank of Utah, National Association, not in its individual capacity except as otherwise expressly provided therein but solely as trustee, as Owner Trustee and Burlington Northern Railroad Company, as Lessee.

Lease Supplement No. 1, dated as of November 22, 1989, between First Security Bank of Utah, National Association, not in its individual capacity except as otherwise expressly provided therein but solely as trustee, as Owner Trustee and Burlington Northern Railroad Company, as Lessee.

Office of the Secretary
November 22, 1989
Page 3

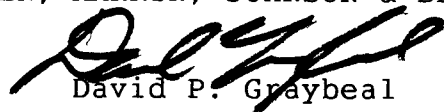
Security Agreement and Trust Indenture, dated as of November 1, 1989, between First Security Bank of Utah, National Association, not in its individual capacity except as otherwise expressly provided therein but solely as trustee, as Owner Trustee and Mercantile-Safe Deposit and Trust Company, as Indenture Trustee.

Security Agreement and Trust Indenture Supplement No. 1, dated as of November 22, 1989, between First Security Bank of Utah, National Association, not in its individual capacity except as otherwise expressly provided therein but solely as trustee, as Owner Trustee and Mercantile-Safe Deposit and Trust Company, as Indenture Trustee.

A filing fee of \$60.00 is enclosed. Please return one stamped original copy to the undersigned.

Very truly yours

THELEN, MARRIN, JOHNSON & BRIDGES



David P. Graybeal

Enclosures

Appendix A

	<u>Size and Type of Equipment</u>	<u>Number of Units</u>	<u>Reporting Marks</u>
<u>Group A Equipment</u>		None	
<u>Group B Equipment</u>			
	GP39M	19	BN 2810 thru BN 2825, both inclusive, and BN 2828, BN 2830 and BN 2831
	GP40M	11	BN 3509 thru BN 3516, both inclusive, and BN 3518 thru BN 3520, both inclusive.
<u>Group C Equipment</u>			
	New 100-Ton, 65 foot Gondola Cars	210	BN 580400 thru BN 580609, both inclusive.
<u>Group D Equipment</u>		None	

Interstate Commerce Commission

Washington, D.C. 20423

11/22/89

OFFICE OF THE SECRETARY

David P. Graybeal
Thelen,Marria Johnson & Bridges
Two Embarcadero Center
San Francisco California 94111

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/22/89 at 11:35am and assigned recordation number(s). 16621 16621-A 16621-B & 16621-C

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

10621
RECORDATION NO. _____ FILED 1425

NEW NUMBER

Wang: 1982g

NOV 22 1989 -11 35 AM
INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of November 1, 1989

between

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not in its individual capacity except as otherwise expressly
provided herein but solely as Owner Trustee under each of
BN Trust No. 89-1, BN Trust No. 89-2, BN Trust No. 89-3,
BN Trust No. 89-4 and BN Trust No. 89-5 Lessor

and

BURLINGTON NORTHERN RAILROAD COMPANY Lessee

SD-60 M LOCOMOTIVES
GP39-2 LOCOMOTIVES
GP40-2 LOCOMOTIVES
100-TON GONDOLA CARS
BI-LEVEL AUTO RACKS

CERTAIN RIGHTS, TITLE AND INTEREST OF THE LESSOR IN AND TO THIS LEASE, THE EQUIPMENT COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS INDENTURE TRUSTEE UNDER A SECURITY AGREEMENT AND TRUST INDENTURE DATED AS OF NOVEMBER 1, 1989 BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND THE LESSOR, AS DEBTOR. INFORMATION CONCERNING SUCH SECURITY INTEREST MAY BE OBTAINED FROM THE INDENTURE TRUSTEE AT ITS ADDRESS SET FORTH IN SECTION 22.1 OF THIS LEASE. TO THE EXTENT, IF ANY, THAT THIS LEASE AGREEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE AGREEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. §11303
ON NOVEMBER __, 1989 AT ____ .M.
RECORDATION NUMBER _____

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Attachments to Equipment Lease:

Schedule 1	Definitions
Exhibit A	Form of Certificate of Acceptance
Exhibit B	Form of Lease Supplement

EQUIPMENT LEASE AGREEMENT

EQUIPMENT LEASE AGREEMENT dated as of November 1, 1989 (this "Lease") between First Security Bank of Utah, National Association, a national banking association, not in its individual capacity except as otherwise expressly provided herein but solely as Owner Trustee under each of BN Trust No. 89-1, BN Trust No. 89-2, BN Trust No. 89-3, BN Trust No. 89-4 and BN Trust No. 89-5 to the extent any Unit (as defined herein) is held in such Trust (collectively in all such capacities "Lessor"), and Burlington Northern Railroad Company, a Delaware corporation (the "Lessee").

R E C I T A L S:

A. BN Leasing Corporation, a Delaware corporation (the "Seller"), has purchased the Equipment from the manufacturers and has agreed to sell the Equipment to the Lessor. The Lessor has agreed to purchase all of the Equipment from the Seller and lease such Equipment to the Lessee pursuant to this Lease. The Lessee has agreed to lease all of the Equipment from the Lessor pursuant to this Lease.

B. The Equipment is divided into four separate groups. The Units of Equipment in each group, together with the Basic Term for each Group of Equipment, are set forth in Annex A attached hereto.

C. The capitalized terms used in this Lease shall have the respective meanings indicated in Schedule 1 hereto unless elsewhere defined herein. Where any provision in this Lease refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

SECTION 1. PURCHASE OF EQUIPMENT AND ACCEPTANCE UNDER LEASE.

1.1 Purchase and Lease of Equipment. Effective on each Closing Date, if the conditions set forth herein and in the Participation Agreement have been satisfied, (i) the Lessor shall pay the Equipment Cost of the Equipment described in the Bills of Sale delivered on such date, and (ii) the Lessor and Lessee shall conclusively evidence that such Equipment has been made subject to this Lease by executing and delivering a Lease Supplement substantially in the form attached hereto as Exhibit B covering the Equipment so purchased and leased.

1.2 Inspection and Acceptance. The Lessor hereby appoints the Lessee as its agent for inspection and acceptance of the Units. Upon tender of Units of Equipment by the Seller, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Unit of Equipment is found to be in good order, to accept delivery of such Unit of Equipment and to execute and deliver to Lessor on or prior to the Closing Date for such Units a Certificate of Acceptance in the form attached hereto as Exhibit A (a "Certificate of

Acceptance") with respect to such Unit of Equipment; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease under this lease any Unit of Equipment delivered (i) after expiration of its commitment pursuant to the Participation Agreement or (ii) prior to ten (10) days before the Closing Date (and in no event prior to December 15, 1989 in respect of the Second Closing Date), on which payment of the applicable Equipment Costs will be settled. The Lessee's execution and delivery of a Certificate of Acceptance pursuant to this Section 1.1 shall constitute Lessee's acknowledgment, but solely as between the Lessee and the Lessor, that each Unit is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture or condition or in any other respect, and shall conclusively establish, but solely as between the Lessor and the Lessee, that such Unit is in good order and condition and conforms to the Specifications applicable thereto and is suitable for use in interchange service in accordance with the Interchange Rules and suitable for use by Class I line-haul railroads; provided, however, if a closing does not occur with respect to such Unit pursuant to the Participation Agreement, such acceptance under the Lease shall be automatically revoked and no sale or other transfer of such Unit by Seller to Lessor shall be deemed to have occurred. Notwithstanding the foregoing, the delivery of such Certificate of Acceptance by the Lessee shall not constitute a waiver or other release of the warranties, liabilities and other obligations of the manufacturers with respect to the Equipment.

SECTION 2. RENT AND RENT PAYMENT DATES.

2.1 Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Unit:

(a) Basic Rent. Subject to any adjustments required by Section 2.3, the Lessee hereby agrees to pay to the Lessor for each Unit:

(i) in arrears on each Rent Payment Date occurring during the Basic Term, Basic Rent, each in an amount equal to the product of the Equipment Cost for such Unit multiplied by the percentage applicable to Units listed in Schedule 6 to the Participation Agreement opposite the relevant Rent Payment Date;

(ii) in arrears on each Rent Payment Date during such Renewal Term for any Renewal Term pursuant to Section 20 hereof, Basic Rent, in such amounts as provided in such Section 20.

(b) Supplemental Rent. In addition to the foregoing Rent, the Lessee agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent, promptly as the same shall become due and owing, or, where no due date is specified, promptly after demand by the Person entitled thereto,

and in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor, or whosoever shall be entitled to such payment, shall have all rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent. Lessee shall pay as Supplemental Rent, to the extent not paid by the Owner Trustee pursuant to Section 2.2(c) of the Participation Agreement, in one installment due on the Basic Term Commencement Date, an amount, if any, equal to the amounts agreed to be paid by the Owner Trustee pursuant to Section 2.2(c) of the Participation Agreement and not paid. The Owner Trustee agrees to give notice to the Lessee and the Indenture Trustee at least five (5) Business Days prior to the first day of the Basic Term if the funds for the payment required to be made by the Owner Participant pursuant to Section 2.2(c) of the Participation Agreement will not be paid by the Owner Trustee to the Indenture Trustee in an amount equal to the amount required to be paid pursuant to Section 2.2(c) of the Participation Agreement. If and to the extent that the Indenture Trustee on the first day of the Basic Term shall not have received funds for the payment in full of the amounts then due on the Loan Certificates, the Lessee shall pay on such date all or such portion of such amount as shall remain unpaid. If an Owner Participant under any Trust fails to make such payment, the Lessee may offset, on the date when the Rent payments referred to below become due, an amount equal to the amount required to be paid pursuant to such Section 2.2(c) which amount, or portion thereof, actually paid by Lessee on behalf of the Owner Trustee, plus any overdue interest thereon paid by the Lessee, plus interest on such amounts, which shall accrue from the date of payment of such amounts by the Lessee to the date of offset at an annual rate (computed on the basis of a 365-day year for the actual number of days elapsed) equal to the Prime Rate plus 5% (or at the highest rate permitted by applicable law, whichever is less), against that portion of Basic Rent, Stipulated Loss Value, Termination Value or any amount payable to such Owner Participant or the Owner Trustee with respect to any Trust beneficially owned by such Owner Participant pursuant to Section 20.2 or Section 11 of the Lease, due in excess of the amount, if any, of principal and interest then due on the Loan Certificates, and against any other Supplemental Rent due by the Lessee solely to such Owner Participant and in each case, such offset shall be deemed to constitute a reduction in the amount of such Rent so payable.

2.2 Business Days. If any of the Rent Payment Dates is not a Business Day, the Rent payment otherwise payable on such date shall be payable on the immediately succeeding Business Day.

2.3 Adjustment of Rent. The Lessee and the Lessor agree that the Basic Rent, Stipulated Loss Values and Termination Values, in each case as applicable to each Group of Equipment, shall be adjusted to the extent provided in Section 2.7 of the Participation Agreement.

2.4 Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The installments of Basic Rent, Supplemental Rent pursuant to Section 2.1(b) hereof, or premium, if any, payable on the Loan Certificates, the entire amount of any payments of Stipulated Loss Value, Termination Value or other payment pursuant to Section 11 or Section 12, and any payment pursuant to Section 15, shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 22.1 hereof; provided that until the Lessee shall have received notice from the Indenture Trustee that all Secured Indebtedness has been fully paid and satisfied, the Lessee shall make such payment by wire transfer to the office of the Indenture Trustee designated in Section 22.1 hereof or as otherwise designated from time to time in writing by the Indenture Trustee;

(b) The amount of any payment owing to the Lessor or any other Indemnified Person or Person pursuant to Section 8 of the Participation Agreement, Section 10.1 hereof (but in the case of Section 10.1, only with respect to public liability insurance) or pursuant to the Tax Indemnity Agreement, shall be made directly to the party to receive the same pursuant to such provisions by wire transfer as specified in the Operative Agreements or as instructed in writing by such party without regard to the collateral assignment of this Lease pursuant to Section 18 hereof;

(c) The amount of any interest due in respect of the late payment of any Rent pursuant to Section 21 hereof shall be paid to the party and in the manner herein provided to receive said Rent by wire transfer as specified in the Operative Agreements or as instructed in writing by such party; and

(d) All other payments due hereunder to any party shall be made by the Lessee as instructed in writing by such party.

The Lessee agrees that it will make payments due hereunder by wire transfer, by 11:00 A.M. (Chicago time) on the due date of such payment, of Federal or otherwise immediately available funds to the party to whom such payment is to be made.

2.5 Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Supplemental Rent and Basic Rent payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of Rent or reduction thereof or setoff (except as provided in Section 2.1(b)) against Rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 18 hereof; nor, except as

otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of the Equipment by condemnation or otherwise, the prohibition of the Lessee's use of the Equipment (other than by the Lessor's breach of the Lessee's or any sublessee's right of quiet enjoyment), the interference with such use by any Person, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or the lack of right, power or authority of the Lessor or any other Person to enter into this Lease or any Operative Agreements, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated in accordance with the terms of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease of any of the Units, except in accordance with the express terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees, to the maximum extent permitted by law, to pay to the Lessor or any other Person entitled thereto an amount equal to each installment of Basic Rent and all Supplemental Rent due and owing, at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Nothing contained herein shall be construed to waive any claim which Lessee might have under any of the Operative Agreements or otherwise or to limit the right of Lessee to make any claim it might have against Lessor or any other Person or to pursue such claim in such manner as Lessee shall deem appropriate. Except as provided in Section 2.1(b), the Lessee hereby waives any and all existing or future claims of any right to assert any offset against the Rent payments due hereunder, and agrees to make the Rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with this Lease of the Equipment.

SECTION 3. LEASE TERM.

The interim term of this Lease (the "Interim Term") as to each Unit shall mean the period commencing on the date of the Certificate of Acceptance for such Unit to and including the day immediately preceding the Basic Term Commencement Date. The basic term of this Lease (the "Basic Term") shall mean the period for which each Unit is leased, commencing on the Basic Term Commencement Date and, subject to earlier termination pursuant to Sections 11, 12, 15 and 20.1, shall expire at 11:59 p.m. (Chicago time) on the Basic Term Expiration Date applicable to such Unit. Subject and pursuant to the terms of Section 20.3 hereof, the Lessee may elect one or more Renewal Terms with respect to any Unit of Equipment.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to the Lessee.

4.2 Duty to Number and Mark Equipment. As soon as practicable but in any event not later than April 1, 1990 the Lessee will cause each Unit to be numbered with its reporting mark shown on the Lease Supplement dated the Closing Date on which such Unit was delivered and covering such Unit, and will from and after such date keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Unit, in letters not less than one inch in height, a legend substantially as follows:

"SUBJECT TO A SECURITY AGREEMENT RECORDED WITH THE INTERSTATE COMMERCE COMMISSION."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Unit, its rights under this Lease and the rights of any assignee under Section 18 hereof. Except as provided hereinabove, the Lessee will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof, and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to the Lessor by the Lessee and a supplement to this Lease with respect to such new reporting marks shall be filed or recorded in all public offices where this Lease shall have been filed or recorded.

4.3 Prohibition against Certain Designations. Except as above provided, the Lessee will not allow the name of any Person to be placed on the Equipment as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee, its sublessees or any of their respective Affiliates on railroad equipment used by it or its sublessees of the same or a similar type.

SECTION 5. DISCLAIMER OF WARRANTIES; LESSEE'S RIGHT OF QUIET ENJOYMENT.

THE LESSEE ACKNOWLEDGES AND AGREES THAT, (i) THE EQUIPMENT AND EACH UNIT THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH UNIT THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) NEITHER THE LESSOR NOR ANY PARTICIPANT IS A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND AND HAVE NOT INSPECTED THE EQUIPMENT PRIOR TO

DELIVERY TO AND ACCEPTANCE BY THE LESSEE, (iv) THE EQUIPMENT AND EACH UNIT THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY BY THE LESSOR, (v) THE LESSOR LEASES THE EQUIPMENT AND EACH UNIT THEREOF "AS-IS", "WHERE-IS" AND "WITH ALL FAULTS", AND, HEREBY DISCLAIMS, AS BETWEEN ITSELF AND THE LESSOR AND ANY PARTICIPANT, ANY AND ALL RIGHTS, CLAIMS, WARRANTIES OR REPRESENTATIONS EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION, MERCHANTABILITY THEREOF OR AS TO THE TITLE, VALUE OR CONDITION OF THE EQUIPMENT, THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, AND (vi) UNDER NO CIRCUMSTANCES WHATSOEVER SHALL FSBU OR THE LESSOR OR ANY PARTICIPANT BE LIABLE OR RESPONSIBLE TO THE LESSEE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LIABILITY IN TORT, STRICT OR OTHERWISE), it being agreed that all such risks, as among the Lessor, each Participant, the Indenture Trustee and the Lessee, are to be borne by the Lessee, except that the Lessor, in its individual capacity and as Owner Trustee, represents and warrants that on the Closing Date for any Unit of Equipment, the Lessor shall have received whatever title to such Unit of Equipment as was conveyed to the Lessor by the Seller. The provisions of this Section 5 have been negotiated and, except to the extent otherwise provided in this Section 5, the foregoing provisions are intended to be a complete exclusion and negation of any representations and warranties by the Lessor, each Participant and the Indenture Trustee, express or implied with respect to the Equipment that may arise pursuant to any law now or hereafter in effect, or otherwise. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the Lease Term to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturers or any prior owner thereof; provided, however, that if at any time a Lease Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights.

SECTION 6. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the lawful rules, if any, of the Federal Railroad Administration, the Interstate Commerce Commission and the interchange rules or supplements thereto of the Mechanical Division, Association of American Railroads, as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Unit subject to this

Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Unit in order to comply with such laws, regulations, requirements and rules (a "Required Modification"), the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense; provided, however, that the Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not adversely affect the rights or interests of the Lessor and the Indenture Trustee in the Equipment or hereunder or otherwise expose the Lessor, the Indenture Trustee or any Participant to criminal sanctions, so long as any such legal proceedings shall be concluded prior to the date on which Lessee is required to return to the Lessor any Unit involved in such proceedings. Notwithstanding anything herein to the contrary, if the Lessee determines in good faith that any Required Modification to a Unit would be economically impractical, it shall provide written notice of such determination to the Lessor and the parties hereto shall treat such Unit as if an Event of Loss had occurred as of the date of such written notice with respect to such Unit and the provisions of Section 11 with respect to rent termination and disposition shall apply with respect to such Unit. In the event of any such deemed Event of Loss, the Lessee shall pay to the Lessor on a Stipulated Loss Payment Date no later than ninety (90) days after the deemed occurrence of such Event of Loss an amount equal to the greater of (i) the then Fair Market Sales Value and (ii) the Stipulated Loss Value of such Unit as of such Stipulated Loss Payment Date.

SECTION 7. USE AND MAINTENANCE OF EQUIPMENT.

(a) The Lessee shall, at its own cost and expense, maintain and keep the Equipment and each Unit thereof (i) in accordance with prudent Class I Railroad industry maintenance practices, (ii) in a manner consistent with maintenance practices used by the Lessee in respect of equipment owned or leased by the Lessee similar in nature to the Units, and (iii) in compliance, in all material respects, with all applicable laws and regulations, including any applicable Interchange Rules; provided that the Lessee shall comply in all respects with all applicable laws and regulations, including any applicable Interchange Rules where non-compliance gives rise to fines, liens or criminal sanctions or impairs the function, value or utility of any such Unit or where such laws or regulations are related to safety matters.

(b) Except as otherwise required by the provisions of Section 6 hereof and so long as no Lease Event of Default has occurred and is continuing prior to the initiation by the Lessee of any Modification (as hereinafter defined), the Lessee may modify any Unit or make additions or improvements thereto (the "Modifications"); provided that no such Modification diminishes the value, utility, condition or remaining useful life of such Unit below the value, utility, condition, or remaining useful life thereof immediately prior to such Modification, assuming such Unit was then in the condition required to be maintained

by the terms of this Lease. Title to any Non-Severable Modifications shall be immediately vested in the Lessor and Lessee shall take whatever actions as may be reasonably necessary to ensure that such title is vested in the Lessor. Title to any Severable Modifications which are not required to be made pursuant to Section 6 hereof shall remain with the Lessee. If the Lessee shall at its cost cause such Severable Modifications to be made to any Unit and such Severable Modifications are reasonably necessary for the economic operation of any such Unit, the Lessor shall have the right, prior to the return of such Unit to the Lessor hereunder, to purchase such Severable Modifications (other than Severable Modifications consisting of proprietary or communications equipment) at their then Fair Market Sales Value. If the Lessor does not elect to purchase such Severable Modifications, the Lessee may remove such Severable Modifications at Lessee's cost and expense.

(c) The Lessee shall at all times own and be entitled to remove at Lessee's cost and expense proprietary and communications equipment (the cost of which was not included in the Equipment Cost of such Unit) from any Unit prior to the return of any Unit as long as such proprietary and communications equipment is removable without material damage to such Unit. To the extent necessary to comply with Sections 6 and 7 hereof, the Lessee at its cost and expense will replace such removed proprietary and communications equipment with non-proprietary equipment necessary and required to cause the Units to comply with the requirements of Sections 6 and 7.

(d) At all times prior to the expiration of this Lease or any Renewal Term, the Lessee will cause each Auto Rack subject to this Lease to be and remain attached or affixed to a Flat Car owned or leased by the Lessee. No Auto Rack shall be attached or affixed to any Flat Car leased by the Lessee if the term of such lease and any renewal terms thereof would expire prior to the Basic Term Expiration Date for such Auto Rack. If for any reason the lease (if any) of any such Flat Car to which an Auto Rack is attached or affixed shall be in default or shall terminate, the Lessee will promptly notify the Lessor of such default or termination. The Lessee shall at its option within 120 days after such notice to the Lessor either (i) cause such Auto Rack to be removed from such Flat Car and to be attached or affixed to another Flat Car which is either leased (under another lease which is not in default) or owned by the Lessee free and clear of all Liens of a character not permitted to attach to Units under the terms of this Lease or (ii) pay to Lessor the higher of the Fair Market Sales Value or the scheduled Stipulated Loss Value (as specified in Schedule 2 hereto for a Unit of Group D Equipment) for such Auto Rack (and upon such payment the Rent with respect to such Auto Rack shall terminate as provided in Section 11.3 and the Lessee may retain or dispose of such Auto Rack).

SECTION 8. LIENS ON THE EQUIPMENT.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Units or the Lessee's leasehold interest therein under this Lease, except Permitted Liens and the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien not excepted above if the same shall arise at any time. The Lessee shall protect, save and keep harmless FSBU, the Lessor, each Participant and the Indenture Trustee (referred to in this Section as the "Indemnitees") and their respective successors and assigns from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable attorneys' fees) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time (whether before, during or after the Lease Term) against such Indemnitees in any way relating to or arising out of any such Lien except Permitted Liens, Lessor's Liens or liens created by the Indenture Trustee pursuant to Section 6.3 of the Participation Agreement.

SECTION 9. FILING.

(a) On or prior to the first Closing Date, the Lessee will (i) cause this Lease, the Lease Supplement dated such Closing Date, the Indenture and the Indenture Supplement dated such Closing Date to be duly filed and recorded with the Interstate Commerce Commission (the "ICC") in accordance with 49 U.S.C. §11303, (ii) cause this Lease, the Lease Supplement dated such Closing Date, the Indenture and the Indenture Supplement dated such Closing Date to be deposited with the Registrar General of Canada pursuant to Section 90 of the Railway Act of Canada and cause notice of such deposit to be forthwith given in The Canada Gazette in accordance with said Section 90, (iii) cause Uniform Commercial Code financing statements naming the Owner Trustee as debtor and the Indenture Trustee as secured party to be filed in such public offices as are deemed necessary or appropriate by the Lessor, the Indenture Trustee or any Participant to perfect the right, title and interest of the Indenture Trustee in the Collateral and Uniform Commercial Code financing statements naming the Lessee as debtor, the Owner Trustee as secured party and the Indenture Trustee as assignee of the secured party to be filed in such public offices as are deemed necessary or appropriate by the Indenture Trustee, the Owner Trustee and each Participant to perfect the right, title and interest of the Indenture Trustee as assignee of the Owner Trustee in the Equipment, and (iv) file, register or record this Lease, the Lease Supplement, the Indenture and the Indenture Supplement and all financing and continuation statements and similar instruments, in such other places within the United States as the Lessor, the Indenture Trustee or any Participant may reasonably request, and will furnish the Lessor and the Indenture Trustee proof thereof.

(b) On or prior to any other Closing Date, the Lessee will (i) cause the Lease Supplement dated such Closing Date and the Indenture Supplement dated such Closing Date to be duly filed and recorded with the

ICC in accordance with 49 U.S.C. §11303, (ii) cause the Lease Supplement dated such Closing Date and the Indenture Supplement dated such Closing Date to be deposited with the Registrar General of Canada and cause notice of such deposit to be forthwith given in The Canada Gazette pursuant to Section 90 of the Railway Act of Canada, and (iii) file, register or record the Lease Supplement dated such Closing Date and the Indenture Supplement dated such Closing Date, and all financing and continuation statements and similar instruments, in such other places within the United States as the Lessor, the Indenture Trustee or any Participant may reasonably request, and will furnish the Lessor and the Indenture Trustee proof thereof.

(c) The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all amendments or supplements to this Lease or to the Indenture, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested by the Lessor or the Indenture Trustee, for the purpose of protecting the Lessor's title to, or the Indenture Trustee's security interest in, any Unit.

(d) Except as provided in Section 2.6 of the Participation Agreement, the Lessee will pay all costs, charges and expenses (including reasonable attorneys' fees) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of such action.

SECTION 10. INSURANCE.

10.1 Insurance Requirement. (a) The Lessee will, at all times prior to the return of the Units to the Lessor, at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto and (ii) public liability insurance with respect to third-party personal and property damage, and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such self-insurance as deemed appropriate by the Lessee, but in any event not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units. As a matter of corporate policy, the Lessee does not in the normal course of business as lessee, maintain third-party insurance specific to a lease transaction. If the Lessee should change said corporate policy in a future lease transaction, the Lessee agrees to give the Lessor, the Owner Participant, the Loan Participants and the Indenture Trustee prompt written notice of such change and the Lessee shall provide similar third-party insurance coverage with respect to the Equipment. All such insurance shall cover the interest of the Lessor, in both its individual and fiduciary capacities, the Owner Participant, the Indenture Trustee, the Loan Participants and the Lessee, as their

interests may appear, in the Equipment. The Lessee warrants and affirms that it will satisfy all obligations under each such policy necessary to keep such insurance in full force and effect. The Lessee shall cause the property insurance on the Equipment to provide that, so long as the Loan Certificates shall remain outstanding, the proceeds, if any, shall be payable to the Indenture Trustee under a standard mortgage loss payable clause reasonably satisfactory to the Indenture Trustee, and thereafter to the Lessor. To the extent permitted by the terms of applicable insurance coverage, any loss under the property insurance policy referred to above shall be adjusted with the Lessee, subject to the reasonable approval of the Lessor and the Indenture Trustee; provided that no such adjustment shall constitute a waiver of the respective rights of the named insureds under such insurance policy.

(b) All insurance policies required to be maintained by the Lessee pursuant to this Section 10.1 shall provide that the respective interests of the Lessor, the Owner Participant, the Loan Participants and the Indenture Trustee shall not be invalidated by any action or inaction by the Lessee or any other named insured, and shall insure the Lessor, the Owner Participant, the Loan Participants and the Indenture Trustee regardless of any breach or violation by the Lessee or any other named insured of any warranties, declarations or conditions in such policies.

(c) The Lessee shall, prior to the first Closing Date for a Unit of Equipment hereunder, furnish the Lessor and the Indenture Trustee with a certificate signed by the insurer or an independent insurance broker showing the insurance then maintained by the Lessee pursuant to this Section 10.1 and that all premiums thereon have been paid, or other evidence of maintenance of the insurance required hereunder, and, with respect to any renewal policy or policies, shall furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than thirty (30) days after such renewal is effected or the expiration date of the original policy or policies.

10.2 Proceeds of Insurance. The entire proceeds of any property or casualty insurance or third party payments for damages to any Unit of Equipment (including any Association of American Railroads interline settlement) received by the Lessor or the Indenture Trustee shall be held by such party until the repairs referred to in clause (a) below are made as specified therein or payment of the Stipulated Loss Value is made, and such entire proceeds will be paid either: (a) to the Lessee promptly following receipt by the Indenture Trustee or the Lessor, as the case may be, of a written application signed by the Lessee for payment to the Lessee for repairing or restoring the Units which have been damaged so long as (i) the Lessee shall have complied with the applicable provisions of the Lease, (ii) no Lease Event of Default shall have occurred and be continuing, and (iii) any damage to such Units shall have been fully repaired or restored, and the Lessee shall have delivered with such application a certificate executed by an engineering or financial officer

of the Lessee to such effect; or (b) if this Lease is terminated with respect to such Unit because of an Event of Loss and the Lessee has paid the Stipulated Loss Value due as a result thereof, such proceeds shall be promptly paid over to, or retained by, the Lessee.

10.3. Additional Insurance. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option, upon ten (10) Business Days' prior written notice to the Lessee, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest from the date of payment thereof, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the lowest Late Rate. In addition, at any time the Lessor may at its own expense carry insurance with respect to its interest in the Units, provided that such insurance does not prevent the Lessee from carrying insurance required by this Section 10 or adversely affect such insurance or the cost thereof. Any insurance payments received from policies maintained by the Lessor pursuant to the previous sentence shall be retained by the Lessor without reducing or otherwise affecting the Lessee's obligations hereunder.

SECTION 11. EVENT OF LOSS.

11.1 Duty of Lessee to Notify Lessor. In the event that any Unit (a) shall suffer destruction, damage, contamination or wear which, in the Lessee's good faith opinion, makes repair uneconomic or renders such Unit unfit for commercial use, (b) shall suffer theft or disappearance for a period in excess of one-hundred eighty (180) days, (c) shall be permanently returned to the manufacturer pursuant to any patent indemnity provisions, (d) shall have title thereto taken or appropriated by any governmental authority under the power of eminent domain or otherwise, or (e) shall be taken or requisitioned for use by any governmental authority under the power of eminent domain or otherwise for a period extending beyond the earlier of (i) twelve (12) months after the date of such taking or requisition, or (ii) the last day of the Basic Term or any Renewal Term then in effect (any such occurrence being hereinafter called an "Event of Loss"), the Lessee, in accordance with the terms of Section 11.2 hereof, shall promptly and fully inform the Lessor and the Indenture Trustee of such Event of Loss. The date of occurrence of such Event of Loss shall be the date of such loss, destruction, damage, contamination, theft, disappearance, return, taking or requisition; provided that in the case of an Event of Loss specified in clause (e) above, the date of occurrence of such Event of Loss shall be deemed to be the earlier of (A) twelve (12) months after the date of such taking or requisition, or (B) the last day of the Basic Term or any Renewal Term then in effect.

11.2 Sum Payable for Event of Loss. On a Stipulated Loss Payment Date selected by Lessee, but in no event later than ninety (90) days after the occurrence or deemed occurrence of such Event of Loss for any Unit, the Lessee shall pay to the Lessor (a) an amount equal to the Stipulated Loss Value of each such Unit as of such Stipulated Loss Payment Date (b) if such Stipulated Loss Payment Date is a Rent Payment Date, all Basic Rent payable on such date in respect of such Unit and (c) all other Rent then due and payable hereunder.

11.3 Rent Termination. Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the obligation to pay Rent for such Unit or Units accruing subsequent to the Stipulated Loss Value payment date shall terminate; provided that the Lessee shall be obligated to pay all Rent in respect of such Unit or Units which has accrued up to and including the Stipulated Loss Value payment date.

11.4 Disposition of Equipment. Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the Lessor will convey to the Lessee all right, title and interest of Lessor and any Affiliate thereof, "as-is", "where-is", without recourse or warranty, except for a warranty against Lessor's Liens, in and to such Unit or Units and shall execute and deliver to Lessee such bills of sale and other documents and instruments as Lessee may reasonably request to evidence such conveyance. As to each separate Unit so disposed of, so long as no Lease Event of Default hereunder shall have occurred and be continuing, the Lessee may retain any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages (including any Association of American Railroads interline settlement paid upon an Event of Loss) received by the Lessee, the Lessor or the Indenture Trustee by reason of such Event of Loss after having paid the Stipulated Loss Value attributable thereto; provided, however, that, with respect to any Event of Loss referred to in clauses (e) and (f) of Section 11.1 hereof, any excess of such condemnation awards over the amount of the Stipulated Loss Value of such Unit shall be divided between the Lessee and the Lessor in proportion to their respective interests in such Unit.

11.5 Stipulated Loss Value. The Stipulated Loss Value for any Unit as of any Stipulated Loss Payment Date shall be equal to the amount determined by multiplying the Equipment Cost for such Unit by the percentage applicable to Units of such type held in the relevant Trust specified in Schedule 7 to the Participation Agreement; provided, however, that, notwithstanding any provision of this Lease (including, without limitation, the adjustments to be made pursuant to Section 2.3 hereof), "Stipulated Loss Value" as of any payment date, plus the Rent in respect of such Unit payable on such payment date shall in no event be

less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Loan Certificates outstanding and required to be prepaid, on such payment date together with interest thereon accrued to such payment date, as determined pursuant to the Indenture.

11.6 Eminent Domain. In the event that during the Lease Term the use of any Unit is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not constitute an Event of Loss, the Lessee's obligation to pay all installments of Basic Rent shall continue for the duration of such requisitioning or taking. So long as no Lease Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. EARLY TERMINATION.

12.1 Obsolescence. (a) So long as no Lease Event of Default shall have occurred and be continuing, the Lessee shall have the right at its option at any time on at least one-hundred twenty (120) days' prior notice to the Lessor and the Indenture Trustee, to terminate this Lease as of the 15th day of any calendar month specified in such notice (the "Termination Date") occurring on or after June 15, 1995, with respect to not less than 33% of the Units of any Group of Equipment (except with respect to Group B Equipment, the Lessee shall have such right with respect to each of (x) not less than 33% of the type GP-39 Units and/or (y) not less than 33% of the type GP-40 Units) (collectively the "Terminated Units") if Lessee determines in good faith, that such Units have become obsolete or surplus to the Lessee's needs and Lessee shall provide the Lessor with a certificate executed by the chief financial officer of the Lessee indicating such determination. There will be no conditions to the Lessee's right to terminate this Lease with respect to the Terminated Units pursuant to this Section 12.1 other than the provisions of the preceding sentence. During the period from the date of such certificate to the Termination Date, the Lessee, as exclusive agent for the Lessor and at Lessee's sole cost and expense, shall use its best efforts to obtain bids from Persons other than the Lessee or Affiliates thereof for the cash purchase of the Terminated Units, and the Lessee shall promptly, and in any event at least fifteen (15) Business Days prior to the proposed date of sale, certify to the Lessor in writing the amount and terms of such bid, the proposed date of such sale and the name and address of the party submitting such bid. Lessee may at any time prior to 30 days before such Termination Date, by notice in writing to the Lessor and the Indenture Trustee, withdraw its notice of termination and Lessee shall pay all of Lessor's, any Owner Participant's and the Indenture Trustee's out-of-pocket expenses incurred prior to such withdrawal in connection with the proposed termination. On the Termination Date: (A) the Lessee shall deliver the Terminated Units to

the bidder, if any, which shall have submitted the highest cash bid prior to such date, in the same manner as if delivery were made to the Lessor pursuant to Section 14 hereof and in full compliance with the terms thereof; and (B) the Lessor shall, without recourse or warranty (except as to the absence of any Lessor's Lien) and subject to the disclaimer set forth in Section 5 hereof, simultaneously therewith sell the Terminated Units to such bidder for cash paid in the manner and in funds of the type specified in Section 2.4 hereof.

(b) As between the Lessor and the Lessee, the total selling price realized at such sale shall be paid to and retained by the Lessor and, in addition, on the Termination Date, and as a condition precedent to such sale and the delivery of the Terminated Units to such purchaser, the Lessee shall pay to the Lessor, in the manner and in funds of the type specified in Section 2.4 hereof, (i) all unpaid Basic Rent with respect to such Terminated Units due on or prior to the Termination Date, (ii) the excess, if any, of (A) the Termination Value for the Terminated Units computed as of the Termination Date in accordance with Section 12.2 hereof, over (B) the net cash sales proceeds (after payment of any sales taxes or other expenses incurred in connection with such sale) of the Terminated Units and (iii) any other Rent required to be paid as of such Termination Date. If no sale shall have occurred or if the Loan Certificates have not been paid as contemplated in clause (d) below on or as of the Termination Date, this Lease shall continue in full force and effect as to such Units; provided that the Lessee shall not, without the consent of the Lessor, reject any cash bid equal to or greater than the Termination Value. If the Lessor elects not to exercise its preemptive right set forth in paragraph (d) below, the Lessee, in acting as agent for the Lessor, shall have no liability to the Lessor for failure to obtain the best price, shall act in its sole discretion and shall be under no duty to solicit bids publicly or in any particular market.

(c) If the Lessee elects to terminate this Lease with respect to any or all of the Units pursuant to Section 12.1(a) hereof, then the Lessee shall pay, on such Termination Date, the Make-Whole Amount, if any, then required to be paid under Section 6.2(b) of the Indenture in connection with the related prepayment of the Loan Certificates.

(d) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 12.1, the Lessor may irrevocably elect, no later than ninety (90) days after receipt of the Lessee's notice of termination, not to sell the Terminated Units to the highest bidder, if any, on the Termination Date, whereupon the Lessee shall deliver the Terminated Units to the Lessor as provided in this Section 12, treating the Termination Date as the termination date of the Lease Term with respect to the Terminated Units; provided that upon such election by the Lessor, such delivery of the Terminated Units and payment by the Lessee of all Basic Rent for such Terminated Units due and unpaid to and including the Termination Date, the Lessee shall have no obligation to pay any Termination Value with respect to such Terminated Units, any premium then

due on the Loan Certificates or any other amounts with respect to such Terminated Units. If the Lessor elects not to sell the Terminated Units as provided in this Section 12.1(d), then the Lessor shall pay to the Indenture Trustee, on such Termination Date, the Termination Value of such Terminated Units, including the outstanding principal amount of, accrued interest on and the Make-Whole Amount, if any, then required to be paid under Section 6.2(b) of the Indenture in connection with the related prepayment of the Loan Certificates.

(e) In the event of any such sale and receipt by the Lessor and the Indenture Trustee of all of the amounts provided herein, and upon compliance by the Lessee with the other provisions of this Section 12.1, the obligation of the Lessee to pay Rent hereunder for such Terminated Units shall cease and the Lease Term for the Terminated Units shall end.

12.2 Termination Value. The Termination Value of any Unit as of any Termination Date shall be equal to the amount determined by multiplying the Equipment Cost for such Unit by the percentage applicable to Units of such type held in the relevant Trust specified in Schedule 8 opposite such Termination Date; provided, however, that, notwithstanding any provision of this Lease (including, without limitation, the adjustments to be made pursuant to Section 2.3 hereof), "Termination Value" as of any payment date, plus the Rent in respect of such Unit payable on such payment date shall in no event be less than a sum sufficient to pay a pro rata portion of the aggregate unpaid principal amount of the Loan Certificates outstanding and required to be prepaid on such payment date together with interest thereon accrued to such payment date and the Make-Whole Amount, if any, as determined pursuant to the Indenture.

SECTION 13. ANNUAL REPORTS; INSPECTION.

13.1 Duty of Lessee to Furnish. On or before June 30, 1991, and on each June 30 thereafter, the Lessee will furnish to the Lessor and the Indenture Trustee an accurate statement, as of the preceding December 31, (a) showing the amount, description and reporting marks of the Units then leased hereunder, the amount, description and reporting marks of all Units that may have suffered an Event of Loss during the twelve (12) months ending on such December 31 (or since the first Closing Date, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

13.2 Lessor's Inspection Rights. The Lessor, any Owner Participant, the Indenture Trustee and the Loan Participants each shall have the right, but not the obligation, at their respective sole cost, expense and risk, except as provided below, by their respective

authorized representatives, to the extent within Lessee's control: to inspect the Equipment and the Lessee's records with respect thereto, during the Lessee's normal business hours and upon reasonable prior notice to the Lessee, to confirm the existence and proper maintenance of the Equipment during the Lease Term; provided, however, that the Lessee shall not be liable, except in the case of negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor, any Owner Participant, the Indenture Trustee, the Loan Participants or any prospective purchaser, the rights of inspection granted under this Section 13.2.

SECTION 14. RETURN OF EQUIPMENT UPON EXPIRATION OF LEASE TERM.

14.1 Return of Equipment. As soon as practicable on or after the expiration of the Basic Term or any Renewal Term of this Lease, as the case may be, with respect to any Unit which has not been purchased by the Seller and in any event not later than 10 days thereafter, the Lessee will, at its own cost and expense, deliver possession of such Unit to the Lessor upon such tracks of the Lessee as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 30 days and, upon not less than 15 days' prior written notice, transport the same once upon disposition of the Units, at any time within such 30 day period, to any reasonable destination or interchange point on the lines of a railroad operated by the Lessee, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee whereupon the Lessee shall have no further liability or obligation with respect to such Units. The Lessee shall not be obligated to move any such Unit more than once at the request of the Lessor. During any such storage period the Lessee will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances. Upon the return of any Unit of Equipment, the Lessee shall, at its own cost and expense, have taken all necessary action to assure that such Unit shall be in (i) the condition required by this Section 14 and (ii) a condition mechanically acceptable for service (i.e. such Unit shall be capable of performing the functions for which such Unit was originally designed). If the Lessor or its agent shall inspect any Unit pursuant to this Section and shall reasonably

determine that such Unit is not in the condition required by this Section 14, the Lessee, at its expense and risk, shall within 30 days thereafter make such repairs and perform such work as shall be necessary to place such Units in the condition required by this Section 14. The Lessee will provide the Lessor with notice when such Unit has been repaired so as to be in the condition required by this Section 14 and is ready to be reinspected by the Lessor or its agent, and the Lessor or its agent shall have 10 days from the date of receipt of such notice to inspect, at the Lessee's sole cost and expense, such Unit and inform the Lessee if such Unit is still not in the condition required by this Section 14. During any such thirty (30) day storage period or extension thereof pursuant to the immediately preceding two sentences hereunder, the Lessee will, at its expense, effect and maintain insurance on the Equipment pursuant to Section 10 hereof. In the event any Unit is not assembled, delivered and stored as hereinabove provided as a result of any action or inaction on the part of the Lessee, within 10 days after the expiration of the Lease Term with respect to such Unit, the Lessee shall pay to the Lessor, for each day thereafter as liquidated damages, and not as a penalty, for the failure of the Lessee to return such Unit to the Lessor at the expiration of the Lease with respect to such Unit as required by the provisions of this Section 14, an amount equal to the daily equivalent of the greater of (i) the arithmetic average of the Basic Rent during the Basic Term of such Unit and (ii) the Fair Market Rental Value for such Unit at the time of such expiration. The provision for such payment shall not be in abrogation of the Lessor's right under this Section 14 to have such Unit, returned to it hereunder. Upon expiration of the Lease Term with respect to such Unit, compliance with the redelivery terms hereof and tender of such Unit at such storage location by Lessee, this Lease and the obligation to pay Basic Rent and all other Rent for such Unit accruing subsequent to the expiration of the Lease Term with respect to such Unit and the tender of such Unit at such storage location by the Lessee, shall terminate.

14.2 Return of Auto Racks. Upon the expiration of the Basic Term or any Renewal Term then in effect with respect to any Auto Rack that constitutes a Unit of Group D Equipment, the Lessor may upon written notice to the Lessee not less than 60 days prior to the expiration of such term require the Lessee (i) to transport such Auto Rack in accordance with the provisions of Section 14.1 hereof and (ii) after such transportation of such Auto Rack, to remove such Auto Rack from the Flat Car to which such Auto Rack is attached, at Lessee's expense and risk, and store such Auto Rack in accordance with the provisions of Section 14.1 hereof. During the period of time necessary for such removal all related expenses including Flat Car rental, insurance and transportation charges shall be paid by the Lessee. In the event that the Lessor shall not have provided such 60 day written notice, such Auto Rack will be returned in accordance with Section 14.1 and during the storage period

and thereafter the Lessor shall be responsible for all rents, including but not limited to rental due on the subject Flat Car. Upon written request, the Lessee shall, to the extent permissible, assign whatever rights it has to the subject Flat Car to the Lessor or its designee.

SECTION 15. LEASE EVENTS OF DEFAULT.

15.1 Lease Events of Default. Any of the following events shall constitute a Lease Event of Default hereunder:

(a) The Lessee shall default in the payment when due of any installment of Basic Rent or any amount payable pursuant to Section 11.2 or Section 12 hereof or Section 11.2 of the Participation Agreement (other than fees and expenses in connection with a Refinancing) and such default shall continue unremedied for five (5) Business Days after receipt by the Lessee of written notice thereof;

(b) The Lessee shall default in the payment when due of any Supplemental Rent, including indemnity or tax indemnity payments, and such default shall continue unremedied for a period of thirty (30) Business Days after receipt by the Lessee of written notice thereof from the Lessor;

(c) Any material representation or warranty made by the Lessee in this Lease or in any other Lessee Agreement (other than the Tax Indemnity Agreement), or in any statement or certificate furnished to the Lessor, the Owner Participants, the Indenture Trustee or the Loan Participants pursuant to or in connection with this Lease or any other Lessee Agreement (other than any such statement or certificate delivered in connection with the Tax Indemnity Agreement) is untrue or incorrect in any material respect as of the date of issuance or making thereof and such incorrectness shall continue to be material and unremedied for a period of thirty (30) days after written notice thereof from the Lessor to the Lessee; provided, however, that the continuation of such a default for longer than thirty (30) days after such written notice shall not constitute a Lease Event of Default if (i) the Lessee is diligently pursuing the cure of such default, (ii) such default is capable of being cured but cannot be cured within thirty (30) days and (iii) such default does not impair in any material respect the Lessor's interest in the Units or the security interest of the Indenture Trustee under the Indenture;

(d) The Lessee shall default in the observance or performance of any other of the covenants and agreements on the part of the Lessee contained herein or in the other Lessee Agreements (other than the Tax Indemnity Agreement), and such default shall continue for thirty (30) days after notice from

the Lessor to the Lessee, specifying the default and demanding the same to be remedied; provided, however, no Lease Event of Default shall occur under this paragraph (d) if (i) the Lessee is diligently attempting to cure such default, (ii) such default is capable of being cured but cannot be cured within thirty (30) days and (iii) such default does not impair in any material respect the Lessor's interest in the Units or the security interest of the Indenture Trustee under the Indenture;

(e) The Lessee (i) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any corporate action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

15.2 Remedies. Upon the occurrence of any Lease Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default, and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Lease Events of Default, the Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by and subject to compliance with any mandatory requirements of applicable law then in effect:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) By notice in writing to the Lessee, cancel this Lease, whereupon all right of the Lessee to the possession and use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain

liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successor or assigns, to use such Units for any purpose whatever;

(c) Sell any Unit at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay Basic Rent and other Rent with respect to such Unit hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Basic Rent and other Rent are to be included in computations under paragraph (e) or (f) below if the Lessor elects to exercise its rights under either of said paragraphs);

(d) Hold, keep idle or lease to others any Unit as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee's obligation to pay Basic Rent and other Rent with respect to such Unit due for any periods subsequent to the date upon which the Lessee shall have been deprived of possession and use of such Unit pursuant to this Section 15.2 shall be reduced by the net proceeds, if any, received by the Lessor from leasing such Unit to any Person other than the Lessee;

(e) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b), (c) or (d) above with respect to any Unit, the Lessor, by notice to the Lessee specifying a payment date which shall be not earlier than ten (10) Business Days after the date of such notice, may demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent and other Rent for such Unit due after the payment date specified in such notice), any unpaid Rent for such Unit due for periods prior to the payment date specified in such notice, plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice: (i) an amount equal to the excess, if any, of (A) the present value of all future Basic Rent for such Unit, over (B) the present value of the Fair

Market Rental Value (determined as hereafter in Section 15.4 provided) of such Unit or, if the Lessor has leased such Unit to others pursuant to paragraph (d) above, for the period of such lease the periodic rent payable thereunder, in each case for the remainder of the Basic Term or any Renewal Term then in effect, as the case may be, as of the payment date specified in such notice, such present values to be computed on the basis of a per annum rate of discount equal to the Coupon Rate specified in the Loan Certificates for the Group of Equipment to which such Unit relates, compounded semi-annually, from the respective dates upon which such rents would be paid; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Unit as of the Rent Payment Date next preceding the payment date specified in such notice or, if such payment occurs on a Rent Payment Date, then computed as of such Rent Payment Date, over the Fair Market Sales Value of such Unit (determined as hereafter in Section 15.4 provided) as of the payment date specified in such notice;

(f) If the Lessor shall have sold any Unit pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (e) above with respect to such Unit may, if it shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent and any other Rent for such Unit due subsequent to the Rent Payment Date next preceding such sale), any unpaid Rent for such Unit due for periods up to and including the Rent Payment Date next preceding the date of such sale and, if that date is a Rent Payment Date, the Basic Rent due on that date, plus the amount, if any, by which the Stipulated Loss Value of such Unit computed as of the Rent Payment Date next preceding the date of such sale or, if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale; and

(g) The Lessor may, in lieu of exercising its rights under paragraph (e) above: (i) retain all Rent theretofore paid by the Lessee or received by the Lessor in respect of any Unit, including any such Rent then in the Lessor's possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder; (ii) recover from the Lessee all Rent accrued and unpaid under any of the terms hereof as of the date of the declaration of default; and (iii) transfer title to and the ownership interest in such Unit to the Lessee by quit-claim bill of sale (except as to the absence of any Lessor's Liens), and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Basic Rent and any other Rent for such Unit due subsequent to the date of the declaration of default), in the Lessor's sole

discretion, an aggregate sum equal to either (A) the present value of all Basic Rent for such Unit which would otherwise have accrued hereunder from the date of the declaration of default to the end of the Basic Term or any Renewal Term then in effect, as the case may be, such present value to be computed on the basis of a per annum rate of discount equal to the Coupon Rate specified in the Loan Certificates for the Group of Equipment to which such Unit relates, compounded semi-annually, from the respective dates upon which such Basic Rent would have been payable hereunder had this Lease not been terminated or (B) the Stipulated Loss Value of such Unit, calculated as of the next succeeding Rent Payment Date or the Basic Term Expiration Date, as the case may be.

15.3 Other Liabilities. In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies, and for legal fees and other costs and expenses incurred by reason of the occurrence of any Lease Event of Default or the exercise of the Lessor's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

15.4 Valuation. For purposes of Section 15.2, the Fair Market Rental Value and Fair Market Sales Value for any Unit shall be determined on the basis of an appraisal of an independent expert appraiser selected by the Lessor, and the cost of any such appraisal shall be borne by the Lessee.

15.5 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity.

15.6 No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Lessor upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

SECTION 16. RETURN OF EQUIPMENT UPON LEASE EVENT OF DEFAULT.

16.1 Lessee's Duty to Return. (a) If the Lessor shall cancel this Lease pursuant to Section 15.2 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of

delivering possession of any Unit to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(i) Forthwith place such Unit upon such storage locations as directed by the Lessor;

(ii) Permit the Lessor to store such Unit at such location without charge for insurance, rent or storage until such Unit has been sold, leased or otherwise disposed of by the Lessor, and during such period of storage by Lessee shall continue to maintain all insurance required by Section 10.1 hereof; and

(iii) Transport such Unit one time to any railroad interchange point on the lines of a railroad operated by the Lessee in the continental United States as the Lessor may direct.

(b) For the purpose of delivering any Unit of Group D Equipment as required in (a) above, the Lessee shall, after transporting such Unit of Group D Equipment to such destination as provided in Section 16.1(a)(iii) above, forthwith remove the Auto Rack which constitutes such Unit of Group D Equipment from the Flat Car to which such Unit is attached.

(c) Each such Unit will be in the condition required by Sections 6 and 7 hereof.

16.2 Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 16, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Units to the Lessor pursuant to this Section 16, to demand and take possession of such Unit, together with any Flat Car to which a Unit of Group D Equipment may be attached, in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

SECTION 17. LESSOR'S RIGHT TO PERFORM.

If the Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein, the Lessor may itself make such payment or perform or comply with such agreement, after giving not less than five (5) Business Days' prior notice thereof to the Lessee (except in the event that an Indenture Event of Default resulting solely from a Lease Event of Default shall have occurred and be continuing, in which event Lessor may effect such payment, performance or compliance to the extent necessary to cure such Indenture Event of Default with notice given

concurrently with such payment, performance or compliance) in a reasonable manner, but shall not be obligated hereunder to do so, and the amount of such payment and of the reasonable expenses of the Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Rate, to the extent permitted by applicable law, shall be deemed to be Supplemental Rent, payable by the Lessee to the Lessor on demand.

SECTION 18. ASSIGNMENTS BY LESSOR.

18.1 Right to Assign. The Lessee and the Lessor hereby confirm that concurrently with the execution and delivery of this Lease, the Lessor has executed and delivered to the Indenture Trustee the Indenture, which assigns as collateral security and grants a security interest to the Indenture Trustee in, to and under this Lease and certain of the Rent payable hereunder, all as more explicitly set forth in Section 1 of the Indenture. The Lessee and the Lessor hereby agree that the Lessor shall be entitled to assign and convey its right, title and interest in and to this Lease and any or all Units pursuant to Section 10 of the Participation Agreement. The Lessor agrees that it shall not otherwise assign or convey its right, title and interest in and to this Lease, the Equipment or any Unit, except as expressly permitted by and subject to the provisions of the Participation Agreement, the Trust Agreement and the Indenture. Any assignee pursuant to this Section 18.1 shall not be obligated to perform any duty, covenant or condition required to be performed by the Lessor under any of the terms hereof, but on the contrary, the Lessee and the Lessor each acknowledge and agree that, notwithstanding any such assignment, each and all of such duties, covenants or conditions required to be performed by the Lessor shall survive any such assignment and shall be and remain the sole liability of the Lessor.

18.2 Obligations and Rights of Indenture Trustee. The Indenture Trustee shall not be obligated to perform any duty, covenant or condition required to be performed by the Lessor under any of the terms hereof. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Indenture Trustee in and to the Rent payable by the Lessee under any provision of this Lease shall not (except as provided in Section 2.2(c) of the Participation Agreement) be subject to any defense, setoff, counterclaim or recoupment whatsoever, whether by reason or failure of or defect in the Lessor's title, or any interruption from whatsoever cause (except due to a breach of the Lessor's covenant of quiet enjoyment) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other Person, or for any other cause whatsoever, it being the

intent hereof that (except as provided in Section 2.2(c) of the Participation Agreement) the Lessee shall be unconditionally and absolutely obligated to pay the Indenture Trustee all of the Rents which are the subject matter of the assignment, and (ii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor. Notwithstanding any provision of this Lease, the Lessee shall have the right to proceed against the Indenture Trustee for any wrongful acts of the Indenture Trustee.

18.3 Right, Title and Interest of Indenture Trustee Under Lease. It is understood and agreed that the right, title and interest of the Indenture Trustee in, to and under this Lease and the Rent due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 19. USE AND POSSESSION; SUBLEASES.

19.1 Lessee's Rights to the Equipment. The Lessor hereby recognizes the provisions of Section 9 of the Participation Agreement which are hereby incorporated by reference. The Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements.

19.2 Subleases. The Lessee shall not, without the prior consent of the Lessor, enter into any sublease with respect to any Unit, except, so long as no Lease Event of Default nor an event which with notice or the lapse of time or both would become an Event of Default under Section 15.1(e) or (f) hereof shall have occurred and be continuing, pursuant to a sublease to a user incorporated in the United States or organized in Canada which sublease (i) shall be for a term not extending beyond the expiration of the Basic Term, or any Renewal Term then in effect and (ii) shall be made subject and subordinate to this Lease. No sublease shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease and the other Lessee Agreements to the same extent as if such sublease had not been entered into.

SECTION 20. TERMINATION UPON PURCHASE BY SELLER; OPTIONS TO RENEW.

20.1 Termination upon Purchase by Seller. If the Seller shall have exercised its option to purchase any Unit pursuant to Section 10 of

the Participation Agreement, upon payment by the Seller of the purchase price with respect to such Unit as provided in Section 10 of the Participation Agreement, and upon payment by the Lessee of all Rent then due and payable under this Lease with respect to such Unit, the Lease Term shall end with respect to such Unit and the obligations of the Lessee to pay Rent hereunder with respect to such Unit (except for Supplemental Rent obligations surviving pursuant to the Participation Agreement or the Tax Indemnity Agreement or which have otherwise accrued but not been paid as of the date of such payment) shall cease.

20.2 Renewal Option at Expiration of Basic Term or Renewal Term. (a) So long as no Lease Event of Default nor an event which with notice or the lapse of time or both would become an Event of Default under Section 15.1(a), (b), (e) or (f) hereof has occurred and is continuing, the Lessee shall have the right, upon no less than one-hundred twenty (120) days' prior irrevocable notice to the Lessor, on the Basic Term Expiration Date for the Units of any Group of Equipment, or upon no less than one-hundred twenty (120) days' prior irrevocable notice, at the end of the first Fixed Rate Renewal Term then in effect for the Units of any Group of Equipment, to renew this Lease with respect to the following Units then subject to this Lease: (A) all but not less than all of the Units of Group A Equipment; (B) all but not less than all of the type GP-39 Units of Group B Equipment; (C) all but not less than all of the type GP-40 Units of Group B Equipment; (D) all but not less than all of the Units of Group C Equipment; and/or (E) all but not less than all of the Units of Group D Equipment, for up to two Renewal Terms of not less than one year (the "Fixed Rate Renewal Terms"), commencing on the Renewal Term Commencement Date for such Units; provided that the aggregate duration of all such Fixed Rate Renewal Terms for such Units, when added to the duration of the Interim Term for such Units and the Basic Term for such Units, shall not exceed either (i) eighty percent (80%) of the estimated useful life of such Units, or (ii) the point at which such Units are estimated to have a Fair Market Sales Value of not more than twenty percent (20%) of the original Equipment Cost of such Units (without giving effect to inflation or deflation since the Closing Date for such Units), in each case as determined by an appraisal of an independent expert appraiser reasonably acceptable to Lessor, which appraisal shall be reasonably satisfactory in form and substance to Lessor in respect of the requirements set forth in clauses (i) and (ii) above and delivered by Lessee not more than one (1) year nor less than three (3) months prior to the expiration of the Basic Term for such Units. All of the provisions of this Lease, other than Section 12, shall be applicable during each Fixed Rate Renewal Term for such Units, except that the Stipulated Loss Values for such Units and Termination Values for such Units shall be determined in accordance with Section 20.5 hereof, and Basic Rent for such Units shall be equal to the lesser of (i) the Fair Market Rental Value for such Units and (ii) fifty percent (50%) of the average annual Basic Rent of such Units over the Basic Term or over any shorter averaging period used to satisfy the "initial period" requirement of Section 4.08(2) of Rev. Proc. 75-28, and shall be payable in arrears.

(b) So long as no Lease Event of Default nor an event which with notice or the lapse of time or both would become an Event of Default under Section 15.1(a), (b), (e) or (f) hereof has occurred and is continuing, the Lessee shall have the right, upon no less than one-hundred twenty (120) days' prior notice to the Lessor at the end of the final Fixed Rate Renewal Term for the Units of any Group of Equipment or any Renewal Term pursuant to this subsection (b), to renew this Lease with respect to the following Units then subject to this Lease: (A) all but not less than all of the Units of Group A Equipment; (B) all but not less than all of the type GP-39 Units of Group B Equipment; (C) all but not less than all of the type GP-40 Units of Group B Equipment; (D) all but not less than all of the Units of Group C Equipment; and/or (E) all but not less than all of the Units of Group D Equipment, for one or more Renewal Terms of not less than one year, commencing on the Renewal Term Commencement Date with Basic Rent for any such Renewal Term equal to the then Fair Market Rental Value of such Units and payable in arrears. All other provisions of this Lease, other than Section 12, shall be applicable during any such Renewal Term for such Units, except that Stipulated Loss Values for such Units shall be determined in accordance with Section 20.5 hereof.

20.3 Lessee's Notice. The Lessee shall provide a notice to the Lessor no less than one-hundred twenty (120) days prior to the expiration of the Basic Term or any Renewal Term then in effect for the Units of any Group of Equipment, as the case may be, indicating whether the Lessee will (i) renew this Lease with respect to such Units pursuant to Section 20.2 hereof, or (ii) return such Units to the Lessor pursuant to Section 14 hereof. In the event that notice is not timely provided by the Lessee in accordance with the terms of this Section 20.3, the Lessee will be deemed to have elected to return such Units to the Lessor at the end of the Basic Term or such Renewal Term for such Units, as the case may be.

20.4 Determination of Fair Market Rental Value. Not more than one (1) year nor less than three (3) months prior to the expiration of the Basic Term for the Units of any Group of Equipment or any Renewal Term then in effect for the Units of any Group of Equipment, the Lessee may notify the Lessor that the Lessee desires a determination of the Fair Market Rental Value of such Units for a Renewal Term commencing upon the Renewal Term Commencement Date. The Lessee's request for a determination of Fair Market Rental Value shall not obligate the Lessee to exercise any of the options provided in Section 20.2.

20.5 Stipulated Loss Value and Termination Value During Renewal Term. The Stipulated Loss Value and Termination Value of any Unit during a Renewal Term shall be determined on the basis of the Fair Market Sales Value of such Unit as of the first day of such Renewal Term, reduced in equal monthly increments to the Fair Market Sales Value of such Unit as of the last day of such Renewal Term.

20.6 Re-delivery of Equipment. Unless the Seller has elected to exercise its option to purchase the Units of any Group of Equipment then leased hereunder pursuant to Section 10 of the Participation Agreement or the Lessee has elected to exercise its option to renew this Lease in respect of such Units as provided in Section 20.2, such Units shall be returned to the Lessor at the end of the Basic Term, or any Renewal Term then in effect, as the case may be, with respect to such Units in accordance with Section 14 hereof.

SECTION 21. INTEREST ON OVERDUE RENT.

Anything to the contrary herein contained notwithstanding, any nonpayment of Rent due hereunder for any Unit shall result in the additional obligation on the part of the Lessee to pay as Supplemental Rent an amount equal to interest at the Late Rate applicable to the Loan Certificates for the Group of Equipment to which such Unit belongs on such overdue amounts for the period of time during which they were overdue and not paid.

SECTION 22. MISCELLANEOUS.

22.1 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices provided for herein shall be in writing or by a telecommunications device capable of creating a written record, and any such notice shall become effective (a) upon personal delivery thereof, including, without limitation, by overnight mail and courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by such a telecommunications device, upon confirmation of receipt thereof, in each case addressed to each party hereto at its address set forth below or, in the case of any such party hereto, at such other address as such party may from time to time designate by written notice to the other parties hereto:

If to the Lessor:

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111
Attention: Corporate Trust Department
Fax No.: (801) 350-5053
Confirmation No.: (801) 350-5630

If to the Indenture Trustee:

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
P.O. Box 2258
Baltimore, Maryland 21203
Attention: Corporate Trust Department
Fax No.: (301)237-5437
Confirmation No.: (301) 237-5900

If to the Lessee:

Burlington Northern Railroad Company
777 Main Street
Fort Worth, Texas 76102
Attention: Treasurer
Fax No.: (817) 878-2314
Confirmation No.: (817) 878-7901

22.2 Execution in Counterparts. This Lease, and any amendment or supplement hereto, shall be delivered in New York and may be executed in any number of counterparts, each executed counterpart constituting an original and in each case such counterparts shall constitute but one and the same instrument; provided, however, that to the extent that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code) no security interest in this Lease may be created through the transfer or possession of any counterpart hereof other than the counterpart bearing the receipt therefor executed by the Indenture Trustee on the signature page hereof, which counterpart shall constitute the only "original" hereof for purposes of the Uniform Commercial Code. The parties agree that on the first Closing Date one or more of the parties' execution hereof may be evidenced by a transmission to Thelen, Marrin, Johnson & Bridges, special counsel to the Owner Participants, by a telecommunications device capable of creating a written record, of a signature page hereof, executed by such party, with actual copies of executed signature pages to be sent by such party on such date to Thelen, Marrin, Johnson & Bridges, by overnight mail or courier service, provided that the signature page transmitted by such telecommunications device shall be effective regardless of whether the actual copies of signature pages are so sent.

22.3 Governing Law; Severability. This Lease, as extended, amended, modified, renewed or supplemented, shall be governed by and construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation. Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this

Lease shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease.

22.4 Headings and Table of Contents. The headings of the sections of this Lease and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

22.5 Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns.

22.6 True Lease. It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale," and that the Lessor shall at all times be considered to be the owner of each Unit which is the subject of this Lease for the purposes of all Federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in any Unit except as lessee.

22.7 Amendments and Waivers. No term, covenant, agreement or condition of this Lease may be terminated, amended or compliance therewith waived (either generally or in a particular instance, retroactively or prospectively) except by an instrument or instruments in writing executed by each party hereto; provided, however, any breach or default, once waived in writing, shall not be deemed continuing for any purpose of the Operative Agreements.

22.8 Survival. All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on the behalf of any such party under this Lease, shall be considered to have been relied upon by each other party hereto and shall survive the consummation of the transactions contemplated hereby on any Closing Date regardless of any investigation made by any such party or on behalf of any such party.

22.9 Limitation of Lessor's Liability. It is expressly agreed and understood that all representations, warranties and undertakings of the Lessor hereunder (except as expressly provided herein) shall be binding upon the Lessor only in its capacity as Owner Trustee under the Trust Agreement, except that the Lessor shall be personally liable for its gross negligence or willful misconduct or for breach of its covenants, representations and warranties contained herein.

22.10 Limitation of Indenture Trustee's Liabilities. Notwithstanding any provision herein or in any of the Operative Agreements to the contrary, the Indenture Trustee's obligation to take or

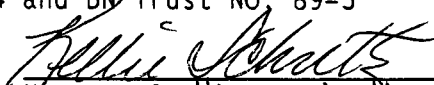
refrain from taking any actions, or to use its discretion (including, but not limited to, the giving or withholding of consent or approval and the exercise of any rights or remedies under such Operative Agreements), and any liability therefor, shall, in addition to any other limitations provided herein or in the other Operative Agreements, be limited by the provisions of the Indenture, including, but not limited to, Section 8 thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

Lessor:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
not in its individual capacity except
as otherwise expressly provided herein
but solely as Owner Trustee under each
of BN Trust No. 89-1, BN Trust No.
89-2, BN Trust No. 89-3, BN Trust No.
89-4 and BN Trust No. 89-5

By:


Name: Kellie Schulte
Title: ASSISTANT TRUST OFFICER

Lessee:

BURLINGTON NORTHERN RAILROAD
COMPANY

By:

Name: Robert F. McKenney
Title: Vice President and Treasurer

Receipt of this original
counterpart of this Lease
is hereby acknowledged this
_____ day of November, 1989.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Indenture
Trustee

By: _____

Name:

Title:

refrain from taking any actions, or to use its discretion (including, but not limited to, the giving or withholding of consent or approval and the exercise of any rights or remedies under such Operative Agreements), and any liability therefor, shall, in addition to any other limitations provided herein or in the other Operative Agreements, be limited by the provisions of the Indenture, including, but not limited to, Section 8 thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

Lessor:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
not in its individual capacity except
as otherwise expressly provided herein
but solely as Owner Trustee under each
of BN Trust No. 89-1, BN Trust No.
89-2, BN Trust No. 89-3, BN Trust No.
89-4 and BN Trust No. 89-5

By: _____

Name:

Title:

Lessee:

BURLINGTON NORTHERN RAILROAD
COMPANY

By: _____

Name: Robert F. McKenney

Title: Vice President and Treasurer

Receipt of this original
counterpart of this Lease
is hereby acknowledged this
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MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Indenture
Trustee

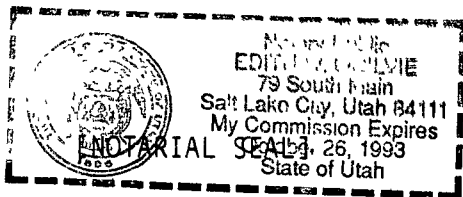
By: _____

Name:

Title:

STATE OF Utah)
) SS:
COUNTY OF Salt Lake)

On this 17th day of November, 1989, before me personally appeared Kellie Schultz, to me personally known, who being duly sworn, says that she is ~~ASSISTANT TRUST OFFICER~~ of First Security Bank of Utah, National Association, that said instrument was signed on Nov. 17, 1989 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Edith W. Ogilvie
Notary Public

My Commission Expires:

STATE OF _____)
) SS:
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared Robert F. McKenney, to me personally known, who being duly sworn, says that he is a Vice President and Treasurer of BURLINGTON NORTHERN RAILROAD COMPANY, that said instrument was signed on _____, 19____ on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:

STATE OF _____)
) ss:
COUNTY OF _____)

On this _____ day of November, 1989, before me personally appeared _____, to me personally known, who being duly sworn, says that he is a _____ of First Security Bank of Utah, National Association, that said instrument was signed on November ___, 1989 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:

STATE OF TEXAS)
) ss:
COUNTY OF TARRANT)

On this 17th day of November, 1989, before me personally appeared Robert F. McKenney, to me personally known, who being duly sworn, says that he is a Vice President and Treasurer of BURLINGTON NORTHERN RAILROAD COMPANY, that said instrument was signed on November 17, 1989 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Denise M. Hertel

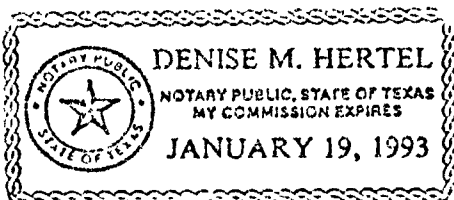
Notary Public

Denise M. Hertel

[NOTARIAL SEAL]

My Commission Expires:

January 19, 1993



Schedule 1
Equipment Lease Agreement

DEFINITIONS

Re: BN Trust No. 89-1
Re: BN Trust No. 89-2
Re: BN Trust No. 89-3
Re: BN Trust No. 89-4
Re: BN Trust No. 89-5

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require. In the case of any conflict between the provisions of this Definition Schedule and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended, supplemented and otherwise modified from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of the Operative Agreements, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of any Operative Agreement.

Defined Terms

"Adjustment Factor" shall mean 0% with respect to any prepayment of the Series B Loan Certificates or the Series C Loan Certificates and .50% with respect to any prepayment of the Series A Loan Certificates or the Series D Loan Certificates.

"Affiliate" of any Person shall mean any other Person which directly or indirectly controls, or is controlled by, or is under a common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"After-Tax Basis" shall mean, with respect to any payment received or deemed to have been received by any Person, the amount of such payment supplemented by a further payment to that Person so that the sum of the two payments shall be equal to such payment received or deemed to have been received, after deduction of all Federal, state and local income taxes (taking into account any credits or deductions arising therefrom and the timing thereof), computed (i) on the assumption that such Person is fully taxable, and (ii) using an assumed combined effective Federal, state and local income tax rate (taking into account the deductibility of state and local taxes in computing Federal income taxes) determined by using the maximum marginal Federal income tax rate in effect for such taxable year and a state and local income tax rate equal to the Assumed State Tax Rate in the case of Owner Participants and the actual marginal combined state and local income tax rate in the case of other Persons, resulting from the receipt (actual or constructive) of such two payments.

"Appraisal" shall have the meaning specified in Section 4.3(a) of the Participation Agreement.

"Assigned Agreements" shall have the meaning specified in Section 1.3 of the Indenture.

"Assignment and Assumption Agreement" shall mean an assignment and assumption agreement entered into between an Owner Participant and a permitted transferee pursuant to Section 6 of the Participation Agreement and in the case of transfers to Original Syndication Transferees shall be in substantially the form of Exhibit F thereto.

"Assumed State Tax Rate" shall have the meaning specified in Section 1(k) of the Tax Indemnity Agreement.

"Auto Rack" shall mean a bi-level auto rack as described on Annex A to the Lease.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, 11 U.S.C. § 101 et seq.

"Basic Rent" shall mean, with respect to any Unit of Equipment, all rent payable by the Lessee to the Lessor pursuant to Section 2.1(a) of the Lease for the Basic Term for such Unit, and all rent payable pursuant to Section 20.2 of the Lease for any Renewal Term for such Unit.

"Basic Term", "Group A Basic Term", "Group B Basic Term", "Group C Basic Term" and "Group D Basic Term" shall have the respective meanings specified in Section 3 of the Lease.

"Basic Term Commencement Date" shall mean June 15, 1990.

"Basic Term Expiration Date" shall mean in the case of Group A Equipment June 15, 2013, in the case of Group B Equipment June 15, 2010, in the case of Group C Equipment June 15, 2010, and in the case of Group D Equipment June 15, 2005.

"Beneficial Interest" shall mean with respect to any Owner Participant the interest of such Owner Participant under the applicable Trust Agreement.

"Bill[s] of Sale" shall have the meaning specified in Section 4.1(g) of the Participation Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banks are authorized or permitted to be closed in the states where any party obligated to make, or receive, any payment under the Operative Agreements has its principal place of business.

"Certificate Holder" shall mean the holder of any Loan Certificate issued, registered and outstanding under the Indenture.

"Certificate of Acceptance" shall have the meaning specified in Section 1.1 of the Lease.

"Closing Date" shall have the meaning specified in Section 2.3(a)(i) of the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall have the meaning specified in Section 1 of the Indenture.

"Coupon Rate" shall mean 9.42% per annum in the case of the Series A Loan Certificates, 9.17% per annum in the case of the Series B and Series C Loan Certificates, and 9.12% per annum in the case of the Series D Loan Certificates.

"Cure Period" shall have the meaning specified in Section 7.3(a) of the Indenture.

"Debt Amortization" with respect to any Loan Certificate shall mean the amortization schedule of principal payments applicable thereto.

"Delayed Closing Date" shall have the meaning specified in Section 2.3(b)(i) of the Participation Agreement.

"Early Purchase Date" shall have the meaning specified in Section 10 of the Participation Agreement.

"Economic Return" of an Owner Participant shall mean the aggregate after-tax cash flow as a percentage of equity, aggregate after-tax cash flow and nominal after-tax yield under the multiple investment sinking fund method of analysis anticipated by such Owner Participant in entering into, or acquiring an interest in the transactions contemplated by the Participation Agreement and the Lease.

"Equipment" shall mean collectively those items of railroad rolling stock described in the Lease Supplements and the Indenture Supplements, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed in any item thereof which are the property of the Owner Trustee pursuant to the terms of the Lease, and "Unit" or "Item" shall mean individually the various items thereof. "Group A Equipment", "Group B Equipment", "Group C Equipment" and "Group D Equipment" shall mean those Units of Equipment included in such group in Schedule 1 to the Participation Agreement and "Group of Equipment" shall mean any such group.

"Equipment Cost" shall mean, for each Unit, the purchase price therefor paid by the Owner Trustee to the Seller pursuant to Section 2 of the Participation Agreement and as set forth in Annex A to the Participation Agreement with respect to such Unit.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law.

"Event of Loss" shall have the meaning specified in Section 11.1 of the Lease.

"Excepted Rights in Collateral" shall mean the following described properties, rights, interests and privileges:

(a) all payments (i) of any indemnity under Section 8 of the Participation Agreement or the Tax Indemnity Agreement which by the terms thereof are payable to the Owner Trustee or the Owner Participant, (ii) of that portion of Basic Rent, Supplemental Rent, Stipulated Loss Value or Termination Value to the extent attributable to an increase in such amounts caused by the occurrence of an event giving rise to payments under the Tax Indemnity Agreement or (iii) or other proceeds received with respect to any disposition of the Equipment or any interest therein after the occurrence of a Lease Event of Default in an amount equal to that portion of the applicable Stipulated Loss Value for such Equipment attributable to recapture or other taxes payable by the Owner Participant, but only to the extent that the Indenture Trustee has first recovered an amount sufficient to pay in full the principal of and all accrued interest on and Make-Whole Amount, if any, on the applicable Loan Certificates;

(b) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 10 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Owner Trustee or the Owner Participant for its own account;

(c) all rights of the Owner Trustee or the Owner Participant under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Owner Trustee or the Owner Participant on account of any such indemnities or payments referred to in paragraph (a) above and to seek legal or equitable remedies to require the Lessee to maintain the insurance coverage referred to in paragraph (b) above, provided that the rights referred to in this paragraph (c) shall not be deemed to include the exercise of any remedies other than as provided for in Section 15.2(a) of the Lease; and

(d) if a Lease Event of Default based solely on a breach of any covenant of the Lessee to pay an indemnity referred to in paragraph (a) above or to maintain any insurance referred to in paragraph (b) above shall occur and be continuing, the right of the Owner Trustee or the Owner Participant to exercise the remedies, but only those remedies, provided for in Section 15.2(a) of the Lease, to enforce performance by the Lessee of any covenants of the Lessee to pay any such indemnity or payment directly to the Owner Trustee or the Owner Participant or to maintain such insurance or recover damages for the breach of any such covenant.

"Excess Amount" shall have the meaning specified in Section 11.8 of the Participation Agreement.

"Fair Market Rental Value" or "Fair Market Sales Value" of the Equipment or any Unit thereof shall mean the value which would be determined for such Unit or Units in an arm's-length transaction between an informed and willing lessee-user or buyer-user (other than a lessee currently in possession or a used equipment dealer) under no compulsion to lease or buy, as the case may be, and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the same shall be specified by agreement between the Lessor and the Lessee (or the Seller, in the case of the exercise of a purchase option) or, if not agreed to by the Lessor and the Lessee (or the Seller, in the case of the exercise of a purchase option) within a period of 30 days after either party requests a determination, then as specified in an appraisal prepared by an appraiser mutually acceptable to the Lessor and the Lessee (or the Seller, in the case of the exercise of a purchase option), which determination shall be made (i) without deduction for any costs of removal of such Unit from the location of current use and (ii) on the assumption that such Unit is free and clear of all liens other

than Lessor's Liens and is in the condition and repair in which it is required to be returned pursuant to Section 14 of the Lease; provided, however, that the determination of Fair Market Rental Value or Fair Market Sales Value for the purposes of Sections 7(b) or 15.4 of the Lease shall be based on the actual condition of such Unit or Severable Modification (as the case may be) at the time of such determination and shall take into account all liens (other than Lessor's Liens) on such Unit or Severable Modification (as the case may be) and any legal impediments to the prompt leasing of such Unit or Severable Modification (as the case may be) by a Person other than the Lessee, notwithstanding the provisions of clause (ii) of this sentence. The Lessee (or the Seller, in the case of the exercise of a purchase option or the Lessor in the case of a purchase of a Severable Modification pursuant to Section 7(b) of the Lease) shall bear all costs and expenses of such appraisal. In the event that the parties fail to appoint such a mutually acceptable appraiser within 15 days, then such value shall be as specified in an appraisal prepared and mutually agreed to by three recognized independent appraisers, one of which shall be appointed by the Lessor within 15 days, one of which shall be appointed by the Lessee (or the Seller, in the case of the exercise of a purchase option) within 15 days, and the other of which shall be appointed by mutual consent of the two previously appointed appraisers within 30 days. If either party should fail to appoint an appraiser within 15 days of receiving notice of the appointment of an appraiser by the other party, then such appraisal shall be made by the appraiser appointed by the party providing such notice. If the two previously appointed appraisers cannot agree upon a mutually acceptable third appraiser within 30 days after the appointment of the second appraiser, then either party may apply to the American Arbitration Association to make such appointment. The appraisal shall be completed within 30 days of the appointment of the last appraiser appointed. If the parties shall have appointed a single appraiser, the determination of values by such appraiser shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be the final determination. If three appraisers shall be appointed, each party shall bear the costs and expenses of the appraiser selected by it and the Lessor and the Lessee (or the Seller, in the case of the exercise of a purchase option) shall bear the costs and expenses of the third appraiser equally.

"Final Basic Rent Payment Date" shall mean, for each Unit, the last Rent Payment Date during the Basic Term applicable to such Unit. The Final Basic Rent Payment Date for Group A Equipment shall be June 15, 2013, the Final Basic Rent Payment Date for Group B Equipment shall be June 15, 2010, the Final Basic Rent Payment Date for Group C Equipment shall be June 15, 2010, and the Final Basic Rent Payment Date for Group D Equipment shall be June 15, 2005.

"Fixed Rate Renewal Term" shall have the meaning specified in Section 20.3(a) of the Lease.

"FSBU" shall mean First Security Bank of Utah, National Association, a national banking association organized under the laws of the United States (or any successor as trustee under the Trust Agreements) in its individual capacity.

"Flat Car" shall mean the rolling stock to which any of the Auto Racks is attached.

"Guidelines" shall mean the guidelines set forth in Revenue Procedure 75-21, 1975-1 C.B. 715, as further set forth in Revenue Procedure 75-28, 1975-1 C.B. 752, and as modified in Revenue Procedure 76-30, 1976-2 C.B. 647 and Revenue Procedure 79-48, 1979-2 C.B. 529 that are applied by the Internal Revenue Service in determining, for advance ruling purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for Federal income tax purposes.

"ICC" shall mean the Interstate Commerce Commission.

"Inclusions" shall have the meaning specified in Section 3.1 of the Tax Indemnity Agreement.

"Indemnified Party" shall mean each of the Participants, the Owner Trustee, the Trust Estate and the Indenture Trustee, and the successors, permitted assigns, agents, servants, officers and employees of each of the foregoing.

"Indemnatee" shall have the meaning specified in Section 8 of the Participation Agreement, unless otherwise defined in any Operative Agreement.

"Indemnitor" shall have the meaning specified in Section 8 of the Participation Agreement, unless otherwise defined in any Operative Agreement.

"Indemnity Payment" shall mean any payment made by the Lessee to an Indemnified Party pursuant to Section 8 of the Participation Agreement or pursuant to the Tax Indemnity Agreement.

"Indenture" shall mean the Security Agreement and Trust Indenture dated as of November 1, 1989 between the Owner Trustee, in the capacities described therein, as debtor, and the Indenture Trustee, as secured party, as amended, supplemented or otherwise modified from time to time.

"Indenture Default" shall mean any event which would constitute an Indenture Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or both, had been satisfied.

"Indenture Event of Default" shall have the meaning specified in Section 7.1 of the Indenture.

"Indenture Supplement" shall mean the Indenture Supplement dated a Closing Date, substantially in the form of Exhibit B to the Indenture, between the Owner Trustee, in the capacities described therein, and the Indenture Trustee, covering the Units delivered on such Closing Date.

"Indenture Trustee" shall mean Mercantile-Safe Deposit and Trust Company, a Maryland trust company, not in its individual capacity, except as and to the extent expressly so stated, but solely as indenture trustee, and its successors in trust as Indenture Trustee under the Indenture.

"Interchange Rules" shall have the meaning specified in Section 6 of the Lease.

"Interest" shall mean the Beneficial Interest or a Loan Certificate, individually, and "Interests" shall mean the Beneficial Interest and the Loan Certificates, collectively.

"Interim Interest" shall have the meaning specified in Section 2.2(c) of the Participation Agreement.

"Interim Interest Payment Date" shall mean June 15, 1990.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"Investment" shall mean, as applied to the Lessee, any direct or indirect purchase or other acquisition by the Lessee of stock or other securities, or of a beneficial interest in stock or other securities, of any other person, and any direct or indirect loan (other than loans made in the ordinary course of business of the Lessee to a Person unaffiliated with the Lessee), advance (including deposits with financial institutions, but excluding prepaid expenses, accounts receivable and similar items made or incurred in the ordinary course of business and demand deposit accounts with financial institutions that are desirable for the conduct of the Lessee's business), or capital contributions by the Lessee to any other Person. The amount of any Investment shall be determined in conformity with generally accepted accounting principles at the time in effect.

"Late Rate" shall mean interest at the annual rate equal to the applicable Coupon Rate for the series of Loan Certificates concerned plus 1%.

"Lease" or "Lease Agreement" or "Equipment Lease" shall mean the Equipment Lease Agreement dated as of November 1, 1989 between the Owner Trustee, in the capacities described therein, as Lessor, and the Lessee as amended, supplemented or otherwise modified from time to time.

"Lease Default" shall mean a Lease Event of Default or an event which with notice or lapse of time or both would become a Lease Event of Default.

"Lease Event of Default" shall have the meaning specified in Section 15 of the Lease.

"Lease Supplement" shall mean a Lease Supplement dated a Closing Date, substantially in the form of Exhibit A to the Lease, between the Lessor and the Lessee, covering the Units delivered on such Closing Date.

"Lease Term" shall mean, with respect to any Unit, the Interim Term applicable to such Unit, the Basic Term applicable to such Unit and any Renewal Term applicable to such Unit then in effect.

"Lender's Liens" shall mean Liens affecting any Unit or Units arising from acts of, or claims against, the Indenture Trustee or any Loan Participant that are not related to the transactions contemplated by the Operative Agreements.

"Lessee" shall mean Burlington Northern Railroad Company, a Delaware corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Agreements" shall mean the Operative Agreements to which the Lessee is a party.

"Lessor" shall have the meaning specified in the recitals to the Lease.

"Lessor's Liens" means any Lien affecting, on or in respect of the Equipment, the Lease or the Trust Estate arising as a result of (i) claims against or affecting Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by the Lease or the Participation Agreement, or (ii) acts or omissions of the Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by

the Lease or the Participation Agreement or not permitted under the Lease or under the Participation Agreement or in breach of any covenant or agreement of such Person set forth in any of the Oper- ative Agreements, or (iii) taxes imposed against the Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant or the Trust Estate which are not indemnified against by the Lessee pursuant to the Participation Agreement or under the Tax Indemnity Agreement, or (iv) claims against the Lessor or the Owner Participant arising out of the transfer (whether voluntary or involuntary) of the Lessor or the Owner Participant (without the consent of the Lessee, the Indenture Trustee and the Loan Participants) of all or any portion of their respective interests in the Equipment, the Trust Estate or the Operative Agreements, other than a transfer pursuant to Sections 11, 12 or 15.2 of the Lease or Section 10 of the Participation Agreement.

"Leverage" shall mean with respect to any Group of Equipment held in any Trust, as the case may be, that percentage of the Equipment Cost of such Equipment advanced by the applicable Owner Participant pursuant to Section 2.1(a) under the Participation Agreement or, in the aggregate, by the Loan Participants pursuant to Section 2.2(b) under the Participation Agreement.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance, disposition of title or other charge of any kind on property.

"Loan Certificates" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Loan Participant" shall mean the holder of any Loan Certificate issued and outstanding under the Indenture, and its respective registered successors and assigns.

"Loan Value" shall have the meaning specified in Section 5.1(c) of the Indenture.

"Majority of Certificate Holders" shall mean with respect to any action or decision of the Certificate Holders, the holders of at least 66-2/3% in principal amount of the Loan Certificates then outstanding which are affected by such decision or action.

"Make-Whole Amount" shall mean, in connection with any prepayment of the Loan Certificates of any series, the excess, if any, of (i) the aggregate present value as of the date of such prepayment of each dollar of principal being prepaid on the Loan Certificates of such series and the amount of interest that would have been payable in respect of such dollar if such prepayment had not been made, determined by discounting such amounts at the Reinvestment Rate for such series from the respective dates on which they would have been payable, over (ii) the

sum of 100% of the principal amount of the outstanding Loan Certificates of such series being prepaid plus accrued but unpaid interest thereon. If the Reinvestment Rate for such series is equal to or higher than the Coupon Rate for such series, the Make-Whole Amount shall be zero.

"Modifications" shall have the meaning specified in Section 7 of the Lease.

"New Loan Certificates" shall have the meaning specified in Section 2.5(a) of the Indenture.

"New Loan Participants" shall have the meaning specified in Section 11.2 of the Participation Agreement.

"New Loans" shall have the meaning specified in Section 11.2 of the Participation Agreement.

"Non-Severable Modification" shall mean any Modification that is not readily removable without causing material damage to the Equipment or any Unit.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation by the President, any Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of such corporation, (ii) in the case of a partnership by the Chairman of the Board, the President or any Vice President, the Treasurer or an Assistant Treasurer of a corporate general partner, and (iii) in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing the functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Original Syndication Transferee" shall have the meaning set forth in Section 6.1B of the Participation Agreement.

"Operative Agreements" shall mean the Participation Agreement, the Bill[s] of Sale, the Trust Agreement, the Assignment of Warranties, any Assignment and Assumption Agreement, the Lease, each Lease Supplement, the Loan Certificates outstanding at the time of reference, the Indenture, each Indenture Supplement and the Tax Indemnity Agreement.

"Original Owner Participant" shall mean First Bank National Association, a national banking association.

"Owner Participant" shall mean in respect of any Trust the beneficial owner under such Trust.

"Owner Participants" shall mean all of the Owner Participants under all of the Trusts.

"Owner Participant Agreements" shall mean in respect of an Owner Participant the Operative Agreements to which such Owner Participant is a party.

"Owner Trustee" shall mean First Security Bank of Utah, National Association, a national banking association, not in its individual capacity but solely as Owner Trustee in such capacity under each of the Trust Agreements unless such reference relates to the Owner Trustee only with respect to one or more specific Trusts, in which case such reference shall be deemed to refer to the Owner Trustee in its capacity as trustee under such specific Trusts, and its successors in trust thereunder.

"Owner Trustee Agreements" shall mean the Operative Agreements to which First Security Bank of Utah, National Association, either in its individual or fiduciary capacity, is a party.

"Participants" shall mean the Loan Participants and the Owner Participants.

"Participation Agreement" shall mean the Participation Agreement dated as of November 1, 1989, among the Lessee, the Seller, the Participants, the Owner Trustee and the Indenture Trustee.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature which may from time to time be incorporated or installed in or attached to the Equipment.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$500,000,000 (including the Indenture Trustee and the Owner Trustee if such conditions are met), (iv) commercial paper of companies, banks, trust companies or national banking associations incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by Standard & Poor's Corporation or Moody's Investor's

Service, Inc. (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization, and (v) repurchase agreements with any financial institution having a combined capital and surplus of at least \$750,000,000 fully collateralized by obligations of the type described in clauses (i) through (iv) above; provided that if all of the above investments are unavailable, the entire amount to be invested may be used to purchase Federal Funds from an entity described in (iii) above; and provided further that no investment shall be eligible as a "Permitted Investment" unless the final maturity or date of return of such investment is 180 days or less from the date of purchase thereof.

"Permitted Liens" with respect to the Equipment and each Unit thereof, shall mean: (i) the interests of the Lessee and the Owner Trustee under the Lease and the Lease Supplements; (ii) the interest of the Lessee and any sublessee as provided in any sublease permitted pursuant to Section 19.2 of the Lease; (iii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested so long as there exists no non-de-minimis risk of sale, forfeiture, loss, or loss of use of any Unit; (iv) any Liens of mechanics, suppliers, materialmen, laborers, employees, repairmen and other like Liens arising in the ordinary course of business securing obligations which are not due and payable or the amount or validity of which is being contested so long as there exists no non-de-minimis risk of sale, forfeiture, loss, or loss of use of any Unit; (v) the Lien and security interest granted to the Indenture Trustee under and pursuant to the Indenture, and the respective rights of the Loan Participants, the Indenture Trustee, the Owner Participant and the Owner Trustee under the Operative Agreements; (vi) Liens arising out of any judgment or award against the Lessee (or any sublessee permitted pursuant to Section 19.2 of the Lease) with respect to which an appeal or proceeding for review is being presented in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review; and (vii) any other Lien with respect to which the Lessee (or any sublessee) shall have provided a bond adequate in the reasonable opinion of the Owner Trustee and the Indenture Trustee.

"Person" shall mean an individual, partnership, corporation, trust, association or unincorporated organization, and a government or agency or political subdivision thereof.

"Prime Rate" shall mean the rate announced from time to time by Chase Manhattan Bank, N.A., as its prime commercial lending rate.

"Register" shall have the meaning specified in Section 2.3 of the Indenture.

"Reinvestment Rate" shall mean, with respect to each series of Loan Certificates, the Adjustment Factor plus the arithmetic mean of the yields under the respective headings "This Week" and "Last Week" published in the Statistical Release under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the Weighted Average Life to Maturity of the series of Loan Certificates being prepaid (taking into account the application of such prepayment required by Section 6 of the Indenture). If no maturity exactly corresponds to such Weighted Average Life to Maturity for the Loan Certificates of such series, yields for the two published maturities most closely corresponding to such Weighted Average Life to Maturity for the Loan Certificates of such series shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate for the Loan Certificates of such series shall be interpolated or extrapolated for such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate for any series of Loan Certificates, the most recent Statistical Release published prior to the date of payment hereunder shall be used.

"Renewal Term" shall mean, with respect to any Unit, any term in respect of which the Lessee shall have exercised its option to renew the Lease for such Unit pursuant to Section 20.2 thereof, including any Fixed Rate Renewal Term.

"Renewal Term Commencement Date" shall mean the first day following the end of the Basic Term or the immediately preceding Renewal Term if a renewal has been effected.

"Rent" shall mean all Basic Rent and Supplemental Rent.

"Rent Payment Date" or "Payment Date" shall mean each June 15 and December 15 of each year occurring during the Lease Term, provided that if any such date shall not be a Business day, then "Rent Payment Date" or "Payment Date" shall mean the next succeeding Business Day.

"Required Modification" shall have the meaning specified in Section 6 of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Agreement, the President, or any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer, who in the normal performance of his operational responsibility would have knowledge of such matters and the requirements with respect thereto.

"Second Closing Date" shall mean the Second Closing Date under the Participation Agreement.

"Secured Indebtedness" shall mean all outstanding Loan Certificates and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing or required to be paid to the Indenture Trustee or the Certificate Holders under the terms of the outstanding Loan Certificates, the Indenture or the Participation Agreement.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Seller" shall mean BN Leasing Corporation, a Delaware corporation, and its successors and assigns.

"Series A Loan Certificates" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Series B Loan Certificates" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Series C Loan Certificates" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Series D Loan Certificates" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Severable Modification" shall mean any Modification that is readily removable without causing material damage to the Equipment or any Unit.

"Specifications" shall mean the statement of specifications for new and remanufactured railcars and locomotives of the applicable manufacturer or remanufacturer of each Unit of Equipment, which specifications have been delivered by Lessee to the Original Owner Participant and the R.L. Banks and Associates, Inc., and are attached as an Exhibit to the Appraisal.

"Statistical Release" shall mean the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded U.S. Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of 66-2/3% in aggregate principal amount of the outstanding Loan Certificates.

"Stipulated Loss Payment Date" shall mean the 15th day of any calendar month.

"Stipulated Loss Value" shall mean, with respect to any Unit, during the Interim Term and the Basic Term the amount determined in accordance with Section 11 of the Lease and Schedule 7 to the Participation Agreement, and during any Renewal Term, the amount determined in accordance with Section 20.5 of the Lease.

"Subsidiary" of any Person shall mean any corporation, association, or other business entity of which more than 50% (by number of votes) of the Voting Stock at the time outstanding shall at the time be owned, directly or indirectly, by such Person or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by such Person and any one or more such Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee is obligated to pay under the Operative Agreements to or on behalf of any of the other parties thereto, including, but not limited to, Termination Value and Stipulated Loss Value payments, and amounts, if any, payable, under Section 2.6 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 2.7 of the Participation Agreement) by the Lessee.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement dated as of November 1, 1989 between the Lessee and the Owner Participant relating to each of BN Trust No. 89-1, BN Trust No. 89-2, BN Trust No. 89-3, BN Trust No. 89-4, and BN Trust No. 89-5.

"Taxes" shall mean any and all fees (including, without limitation, license, documentation and registration fees), taxes (including without limitation income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments or withholdings of any nature whatsoever, together with any and all assessments, penalties, fines, additions to tax and interest thereon.

"Terminated Units" shall have the meaning specified in Section 12.1 of the Lease.

"Termination Date" shall have the meaning specified in Section 12.1 of the Lease.

"Termination Value" shall mean, with respect to each Unit, an amount determined in accordance with Section 12 of the Lease and Schedule 8 of the Participation Agreement.

"Total Equipment Cost" shall mean the sum of the Equipment Cost for each Unit.

"Transaction Costs" shall have the meaning specified in Section 2.6(a) of the Participation Agreement.

"Transferee" shall have the meaning specified in Section 6.1(a) of the Participation Agreement.

"Trust" shall have the meaning specified in each Trust Agreement.

"Trust Agreement" shall mean (i) each of those certain Trust Agreements, BN Trust Nos. 89-1, 89-2, 89-3, 89-4, and 89-5, each dated as of November 1, 1989 between the Original Owner Participant and the Owner Trustee, and (ii) with respect to any Unit, that certain Trust Agreement which holds such Unit in its Trust Estate.

"Trust Estate" shall mean all the estate, right, title and interest of the Owner Trustee in, to and under the Equipment and the Operative Agreements including, without limitation, all funds advanced to the Owner Trustee by each Owner Participant, all proceeds from the sale of the Loan Certificates, all installments and other payments of Basic Rent, Supplemental Rent, insurance proceeds, Stipulated Loss Values, condemnation awards, Termination Values, purchase price, sale proceeds, and all other proceeds of any kind for or with respect to the Equipment and the Operative Agreements but excluding Excepted Rights in Collateral and payments related thereto.

"Trustee" shall mean each of the Owner Trustee as trustee under each of the Trusts or the Indenture Trustee and "Trustees" shall mean the Owner Trustee and the Indenture Trustee, collectively.

"Unit" or "Item" shall mean each unit or item of the Equipment.

"Weighted Average Life to Maturity" of the principal amount of any series of Loan Certificates being prepaid shall mean, as of the time of any determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of the principal amount of such series of Loan Certificates being prepaid by the aggregate amount of such principal. The term "Remaining Dollar-Years" of such principal shall mean the amount obtained by (i) multiplying (1) the remainder of (A) the amount of principal of such series of Loan Certificates that would have become due on each scheduled payment date if such prepayment had not been made, less (B) the amount of principal on the Loan Certificates of such series scheduled to become due on such date after giving effect to such prepayment and the application thereof, by (2) the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and such scheduled payment date, and (ii) totalling the products obtained in (i).

EXHIBIT A
to Equipment Lease Agreement

CERTIFICATE OF ACCEPTANCE No.

BN Trust 89-

To: First Security Bank of Utah, National Association, not in its individual capacity but solely as Owner Trustee under BN Trust No. 89-_, ("Lessor")

I, the duly authorized representative for the Lessor and Burlington Northern Railroad Company ("Lessee") under the Equipment Lease Agreement dated as of November 1, 1989 (the defined terms therein being used herein with the same meaning), do hereby certify that:

1. I have accepted delivery on behalf of Lessor of each of such Units from BN Leasing Corporation on the date, at the time and in respect of the specific Trust set forth herein; and

2. On such date and at such time, all of such units were located in one or more of the following States: Alabama, Idaho (with respect to remanufactured locomotives only), Illinois, Iowa, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Oregon, Texas, Washington or Wisconsin.

TYPE OF EQUIPMENT:

MODEL DESCRIPTION:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED: BN

The execution of this Certificate will in no way relieve or decrease the responsibility of the manufacturer of any Unit for any warranties it has made with respect to the Units of Equipment.

Authorized Representative of
Lessor and Lessee

DATE:
TIME:

Exhibit B to
Equipment Lease Agreement

LEASE SUPPLEMENT NO. ____

Dated as of _____, 1989

between

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
not in its individual capacity except as otherwise expressly
provided herein but solely as Owner Trustee under each of
BN Trust No. 89-1, BN Trust No. 89-2, BN Trust No. 89-3,
BN Trust No. 89-4 and BN Trust No. 89-5 Lessor

and

BURLINGTON NORTHERN RAILROAD COMPANY Lessee

CERTAIN RIGHTS, TITLE AND INTEREST OF THE LESSOR IN AND TO THIS LEASE SUPPLEMENT, THE EQUIPMENT COVERED HEREBY AND THE RENT DUE AND TO BECOME DUE HEREUNDER HAVE BEEN ASSIGNED AS COLLATERAL SECURITY TO AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS INDENTURE TRUSTEE UNDER A SECURITY AGREEMENT AND TRUST INDENTURE DATED AS OF NOVEMBER 1, 1989 BETWEEN SAID INDENTURE TRUSTEE, AS SECURED PARTY, AND THE LESSOR, AS DEBTOR. TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT MAY BE CREATED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART OTHER THAN THE ORIGINAL COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, AS INDENTURE TRUSTEE, ON OR IMMEDIATELY FOLLOWING THE SIGNATURE PAGE THEREOF.

FILED WITH THE INTERSTATE COMMERCE COMMISSION
PURSUANT TO 49 U.S.C. §11303
ON _____, 1989 AT _____ .M.
RECORDATION NUMBER _____

Exhibit B to
Equipment Lease Agreement

LEASE SUPPLEMENT NO. ____ FOR EACH OF
BN TRUST NO. 89-1, BN TRUST NO. 89-2,
BN TRUST NO. 89-3, BN TRUST NO. 89-4
and BN TRUST NO. 89-5

LEASE SUPPLEMENT NO. ____ dated _____, 1989 (this "Supplement") between First Security Bank of Utah, National Association, a national banking association, not in its individual capacity but solely as Owner Trustee (the "Lessor") under each of BN Trust No. 89-1, BN Trust No. 89-2, BN Trust No. 89-3, BN Trust No. 89-4 and BN Trust No. 89-5, and BURLINGTON NORTHERN RAILROAD COMPANY, a Delaware corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor and the Lessee have heretofore entered into that certain Equipment Lease Agreement dated as of November 1, 1989 (the "Lease"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in the Lease;

WHEREAS, the Participation Agreement and the Lease provide that on each Closing Date Seller shall deliver to Owner Trustee a Bill of Sale dated such date by which Seller bargains, conveys, assigns, sets over, sells and delivers to Owner Trustee, and Owner Trustee purchases and accepts from the Seller, the Units to be conveyed on such Closing Date, and said Bill of Sale has been delivered by Seller and accepted by Owner Trustee on such Closing Date;

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of confirming the acceptance and lease of the Units under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the Lessor and the Lessee hereby agree as follows:

1. The Lessee hereby acknowledges and confirms that it has inspected and approved the Units set forth on Schedule I hereto at the time and on the dates set forth in the applicable Certificate(s) of Acceptance and such Units comply in all material respects with the Specifications for such Units and are in good working order.

2. The Lessor hereby confirms delivery and lease to the Lessee, and the Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, the Units listed on Schedule I hereto.

3. The Lessee hereby represents and warrants that no Event of Loss has occurred with respect to the Units set forth on Schedule I hereto as of the date hereof.

4. The Closing Date of the Units described above is the date of this Lease Supplement set forth in the opening paragraph hereof.

5. The aggregate Equipment Cost of the Units leased hereunder is \$ _____ and the amounts comprising such Equipment Cost are set forth on Schedule I hereto. The Stipulated Loss Values and Termination Values applicable in respect of the Units are set forth, respectively, on Schedules 7 and 8 to the Participation Agreement.

6. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement to pay Rent to Lessor for each Unit leased hereunder as provided for in the Lease.

7. The execution and delivery of this Lease Supplement will in no way relieve or decrease the responsibility of any manufacturer for the warranties it has made with respect to any Unit.

8. -Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease Agreement dated as of November 1, 1989", the "Lease dated as of November 1, 1989" or the "Equipment Lease Agreement dated as of November 1, 1989," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

9. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease shall be and remain in full force and effect.

10. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument.

11. This Lease Supplement is being delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

Lessor:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
not in its individual capacity except
as otherwise expressly provided but
solely as Owner Trustee under each of
BN Trust No. 89-1, BN Trust No. 89-2,
BN Trust No. 89-3, BN Trust No. 89-4
and BN Trust No. 89-5

By: _____

Name:

Title:

Lessee:

BURLINGTON NORTHERN RAILROAD
COMPANY

By: _____

Name: Robert F. McKenney

Title: Vice President and Treasurer

Receipt of the original
counterpart of the foregoing
Lease Supplement No. ___ is
hereby acknowledged this
_____ day of _____, 19__.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY,
as Indenture Trustee

By: _____

Name:

Title:

STATE OF _____)
) SS:
COUNTY OF _____)

On this ____ day of _____, 19__, before me personally appeared _____, to me personally known, who being duly sworn, says that he is a _____ of First Security Bank of Utah, National Association, that said instrument was signed on _____, 19__ on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:

STATE OF _____)
) SS:
COUNTY OF _____)

On this ____ day of _____, 19__, before me personally appeared Robert F. McKenney, to me personally known, who being duly sworn, says that he is a Vice President and Treasurer of BURLINGTON NORTHERN RAILROAD COMPANY, that said instrument was signed on _____, 19__ on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:

Schedule I

Size and
Type of
Equipment

Number
of
Units

Reporting
Marks

Group A Equipment

Group B Equipment

Group C Equipment

Group D Equipment